

Agenda Item Form

Agenda Date: 8-31-04

Districts Affected: All

Dept. Head/Contact Information: William A. Chapman, DEAC Financial Services, 541-401,

Type of Agenda Item:

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Staffing Table Changes | <input type="checkbox"/> Board Appointments |
| <input type="checkbox"/> Tax Installment Agreements | <input type="checkbox"/> Tax Refunds | <input type="checkbox"/> Donations |
| <input type="checkbox"/> RFP/ BID/ Best Value Procurement | <input type="checkbox"/> Budget Transfer | <input type="checkbox"/> Item Placed by Citizen |
| <input type="checkbox"/> Application for Facility Use | <input type="checkbox"/> Bldg. Permits/Inspection | <input type="checkbox"/> Introduction of Ordinance |
| <input type="checkbox"/> Interlocal Agreements | <input type="checkbox"/> Contract/Lease Agreement | <input type="checkbox"/> Grant Application |
| <input type="checkbox"/> Other _____ | | |

Funding Source:

- ☐ General Fund
☐ Grant (duration of funds: _____ Months)
☒ Other Source: DEBT SERVICE FUND

Legal:

- ☒ Legal Review Required Attorney Assigned (please scroll down): None ☒ Approved ☐ Denied

Timeline Priority: ☒ High ☐ Medium ☐ Low # of days: _____

Why is this item necessary:

LOWERS COST OF ISSUING COMMERCIAL PAPER

Explain Costs, including ongoing maintenance and operating expenditures, or Cost Savings:

Locked in 5 YEAR FEE Lower than current credit provider which is DEXIA

Statutory or Citizen Concerns:

NONE

Departmental Concerns:

NONE

01 AUG 26 PM 1:29

RESOLUTION AUTHORIZING SUBSTITUTION OF DEPFA BANK,
PLC AS REVOLVING CREDIT PROVIDER FOR THE CITY OF EL
PASO GENERAL OBLIGATION COMMERCIAL PAPER NOTES,
SERIES A, AUTHORIZING THE GIVING OF NOTICE TO DEXIA
CREDIT LOCAL, THE EXISTING PROVIDER, AUTHORIZING THE
EXECUTION OF A REVOLVING CREDIT AGREEMENT IN
CONNECTION WITH THE SUBSTITUTION, AND THE EXECUTION
OF A GENERAL CERTIFICATE OF THE CITY OF EL PASO FOR
SUBMISSION TO THE ATTORNEY GENERAL OF TEXAS

WHEREAS, the City Council of the City of El Paso by Ordinance No. 14766 on January 20, 2001, authorized the issuance of the City of El Paso General Obligation Commercial Paper Notes, Series A in connection with the 2000 Quality of Life Bond Election, and

WHEREAS, Ordinance No. 14766 was amended by Ordinance No. 15690 by the City Council of El Paso on February 10, 2004, for purposes of amending the authorized purposes in Ordinance No. 14766; and

WHEREAS, in connection with the issuance of said notes it is necessary to have in place a Revolving Credit Agreement, and

WHEREAS, the City Council finds that substitution of DEPFA BANK, plc as the provider of the Revolving Credit Agreement will provide financial savings to the City over the costs to be paid to the current provider, and

WHEREAS, approval of the Attorney General of Texas is required for such substitution,

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

1. That the Mayor and Chief Financial Officer are authorized to take all steps necessary for the substitution of DEPFA BANK, plc as the provider of the Revolving Credit Agreement for the City of El Paso General Obligation Commercial Paper Notes, Series A, including having bond counsel submit the request to the Attorney General.
2. That the Chief Financial Officer is authorized to give notice to Dexia Credit Local in accordance with the terms of the Revolving Credit Agreement with that institution.
3. That the Mayor is authorized to execute on behalf of the City a Revolving Credit Agreement substantially in the form of the Agreement attached to this Resolution as Exhibit "A."

4. That the Mayor is authorized to execute a General Certificate of the City of El Paso substantially in the form attached to this Resolution as Exhibit "B."
5. That this resolution shall be effective upon passage.

(Signature Page Follows)

Passed and Approved this ____ day of _____ 2004.

Joe Wardy, Mayor

Attest:

Richarda Duffy Momsen, City Clerk

Approved as to form:

Norman J. Gordon
Mounce, Green, Myers, Safi & Galatzan
A Professional Corporation
Co-Bond Counsel, City of El Paso, Texas

(Signature Page for Resolution Authorizing Substitution)

GENERAL AND NO LITIGATION CERTIFICATE

We, the undersigned, Mayor and City Clerk, respectively, of the City of El Paso, Texas (the "City"), hereby certify the following information:

- 1.1 This Certificate relates to the City of El Paso, Texas, General Obligation Commercial Paper Notes, Series A (the "Bonds"), dated January 20, 2001. Capitalized terms used herein and not otherwise identified shall have the meaning assigned thereto in the Ordinance (the "Ordinance") authorizing the issuance of the Notes.
- 1.2 The City is a duly incorporated Home Rule City operating under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of the City, which Charter was last amended on February 7, 2004. A certified copy of the Charter was submitted to the Attorney General's Office in connection with the approval of the City of El Paso, Texas, Solid Waste Disposal System Revenue Bonds, Series 2004.
- 1.3 As of the date hereof, the members of the City Council and certain other officers of the City are as follows:

Joe Wardy, Mayor
Susan Austin, City Representative
Robert A. Cushing, Jr., City Representative
Jose Alexandro Lozano, City Representative
John Cook, City Representative
Paul Joseph Escobar, City Representative
Vivian Rojas, City Representative
Anthony W. Cobos, City Representative

Richarda Duffy Momsen, City Clerk
Jim Martinez, Chief Administrative Officer
William Chapman, Chief Financial Officer
Lisa A. Elizondo, City Attorney
- 1.4 The City is not in default in the payment of principal or interest on or in connection with any its outstanding obligations.
- 1.5 Neither the corporate existence nor the boundaries of the City nor the title of its present officers to their respective offices is being contested, and no authority or proceedings for the issuance of the Bonds have been repealed, revoked, or rescinded.
- 1.6 The proceedings authorizing the execution and delivery of the Revolving Credit Agreement are in full force and effect and have not been amended, repealed, revoked or rescinded.

1.7 The representations and warranties set forth in the Dealer Agreement, the Ordinance, the Revolving Credit Agreement and the Issuing and Paying Agent Agreement are true and accurate as of the date hereof.

1.8 The Attorney General of Texas is hereby authorized to date this Certificate upon his approval of the Revolving Credit Agreement, the Ordinance, and other agreements and documents submitted in connection with the approval thereof. Should litigation in any way affecting such Notes develop, the undersigned will notify you at once by telephone. You may be assured, therefore, that there is no such litigation at the time you approve the foregoing documents unless you have been advised otherwise.

(signature page follows)

EXECUTED AND DELIVERED on _____, 2004.

Manual Signatures

Official Titles

Joe Wardy
Mayor, City of El Paso, Texas

William A. Chapman
Chief Financial Officer,
City of El Paso, Texas

Richarda Duffy Momsen
City Clerk, City of El Paso, Texas

APPROVED AS TO FORM:

Norman J. Gordon
Mounce, Green, Myers, Safi & Galatzan
A Professional Corporation
Co-Bond Counsel, City of El Paso, Texas

(Signature Page to General and No Litigation Certificate, Series A)

STATE OF TEXAS §
COUNTY OF EL PASO §

Before me, the undersigned authority, on this day personally appeared Joe Wardy, Mayor of the City of El Paso, Texas, known to me to be the officer whose true and genuine signature was subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this _____ day of _____, 2004.

Notary Public in and for the State of Texas

[SEAL]

STATE OF TEXAS §
COUNTY OF EL PASO §

Before me, the undersigned authority, on this day personally appeared Richarda Duffy Momsen, City Clerk of the City of El Paso, Texas, known to me to be the officer whose true and genuine signature was subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this _____ day of _____, 2004.

Notary Public in and for the State of Texas

[SEAL]

STATE OF TEXAS §
COUNTY OF EL PASO §

Before me, the undersigned authority, on this day personally appeared William A. Chapman, Chief Financial Officer of the City of El Paso, Texas, known to me to be the officer whose true and genuine signature was subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this _____ day of _____, 2004.

Notary Public in and for the State of Texas

[SEAL]

REVOLVING CREDIT AGREEMENT

by and between

CITY OF EL PASO, TEXAS

and

DEPFA BANK PLC
acting by and through its New York Agency,
as Lender

Dated as of August 1, 2004

relating to

\$50,000,000
City of El Paso, Texas
General Obligation Commercial Paper Notes,
Series A

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REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this "*Agreement*") is dated as of August 1, 2004, by and between the CITY OF EL PASO, TEXAS (the "*City*") and DEPFA BANK plc, acting by and through its New York Agency, as Lender.

WITNESSETH:

WHEREAS, the City is authorized to issue its general obligations pursuant to an election held within the City on May 6, 2000 for certain authorized purposes and to provide for the payment of principal of and interest on such obligations through the levy of an annual ad valorem tax, within the limits provided by law, on all taxable property within the limits of the City;

WHEREAS, pursuant to the Act (as hereinafter defined), the City is authorized to issue all or any portion of the aforesaid general obligations as commercial paper notes and to execute and deliver one or more credit agreements with respect to such commercial paper notes, all as provided in the Act;

WHEREAS, pursuant to an ordinance adopted on January 30, 2001, the City has authorized the issuance of its General Obligation Commercial Paper Notes, Series A in a principal amount not to exceed \$50,000,000 for the aforesaid purposes pursuant to the authority of the Act and the aforesaid elections;

WHEREAS, the City has requested the Lender to support the commercial paper program by making available a revolving line of credit of \$50,000,000 and Lender is willing to make available a revolving line of credit subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the agreements contained herein and in reliance upon the representations and warranties set forth herein, the City and the Lender hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to other terms defined herein, unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Agreement or any agreement amendatory or supplemental hereto, shall be construed, are used and are intended to have the following meanings, to-wit:

"*Act*" shall mean Chapter 1371, Texas Government Code, as amended.

“*Agreement*” shall mean this Revolving Credit Agreement, as from time to time amended or supplemented.

“*Authorized Representative*” shall mean, initially, the Chief Financial Officer of the City and such person(s) appointed by the Chief Financial Officer of the City to act as Authorized Representative, or such successor Authorized Representative as shall be designated in writing by the City. Attached hereto as Exhibit “H” is the form of an Authorized Representatives’ Certificate to be executed by the Chief Financial Officer of the City (or his successor Authorized Representative) and delivered to the Lender from time to time which will show the respective names and signature examples of the Chief Financial Officer of the City and his designees:

“*Automatic Commitment Termination Event*” shall mean each of those events described in Section 7.02(a).

“*Available Commitment*” shall mean with respect to the Lender, at any date, the Lender’s Commitment less the aggregate outstanding principal amount of Loans made by the Lender to the City.

“*Bank Rate*” means the Base Rate.

“*Base Rate*” shall mean, for any day, the higher of (i) the Prime Rate, in effect on such date, or (ii) the Federal Funds Rate, in effect on such date, plus one-half of one percent (0.5%) per annum.

“*Bonds*” shall mean any or all of the outstanding general obligation bonds issued by the City.

“*Borrowing Rate*” shall mean during the Revolving Credit Period, a per annum rate of interest equal to the Bank Rate, modified as follows:

(1) during the period ending on the 90th day after the Lender makes a Revolving Loan, a rate per annum, equal to the Bank Rate; and

(2) during the Term Loan Period, a rate per annum equal to the Bank Rate plus 1.75% per annum; and

(3) from and after a Default, a rate per annum equal to the Default Rate;

provided that in no event shall the rate of interest to be paid by the City be in excess of the Highest Lawful Rate.

“*Business Day*” shall mean any day (i) when banks are not required or authorized by law or executive order to be closed in El Paso, Texas, or New York, New York, or (ii) when the New York Stock Exchange is not required or authorized by law or executive order to be closed.

“Change of Law” shall mean the adoption, after the Closing Date, of or any change in any law, rule, regulation, statute, treaty, guideline or directive of any governmental authority or the occurrence of the effective date of any of the foregoing if adopted prior to the Closing Date or any change after the Closing Date in the application, interpretation or enforcement of any of the foregoing.

“City” shall mean the City of El Paso, Texas.

“City Council” shall mean the governing body of the City.

“Closing Date” shall mean the Closing Date as defined in Section 3.01 hereof.

“Co-Bond Counsel” shall mean Vinson & Elkins L.L.P. and Mounce Green Myers Safi & Galatzan or any other firm or firms selected by the City whose opinion concerning bond matters is nationally recognized, which selection is approved in writing by the Lender.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and when reference is made to a particular section thereof, the applicable Treasury Regulations from time to time promulgated or proposed thereunder.

“Collateral” shall mean the security for the Loan Note described in Section 2.09 hereof.

“Commercial Paper Notes” shall mean the Commercial Paper Notes authorized to be issued by the City from time to time pursuant to the Ordinance.

“Commitment” shall mean \$50,000,000, as such amount may be reduced pursuant to Section 2.06 hereof.

“Commitment Fee” shall mean the amount payable to the Lender pursuant to Section 2.05 hereof which shall be ten basis points (.10%) per annum of the Lender’s total Available Commitment, all calculated for the actual number of days on a 360 day year basis, payable quarterly in arrears; *provided, however*, that the per annum rate shall increase by (i) 0.025% from and after the date of each downgrade (including downgrades of numeric or symbolic gradations within letter ratings categories) of the long-term unenhanced ratings of the City below Aa3, AA- or AA- by Moody’s, S&P and Fitch, respectively, through and including A3, A- and A-, (ii) 0.05% per annum for each downgrade (including downgrades of numeric and symbolic gradations within letter ratings categories) of the long-term unenhanced ratings of the City below A3, A- and A- by Moody’s, S&P and Fitch respectively, and (iii) 1.00% upon the suspension or withdrawal of the long-term unenhanced ratings of the City by all or any of Moody’s, S&P or Fitch.

“Credit Agreement” shall mean a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Debt, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City

as a Credit Agreement in connection with the authorization, issuance, security, or payment of Debt.

“Dealer” shall mean the dealer or remarketing agent selected from time to time by the City to market or remarket the Commercial Paper Notes in accordance with Section 3.04 of the Ordinance. The initial Dealer shall be Lehman Brothers.

“Dealer Agreement” shall mean the Dealer Agreement, dated as of August 1, 2004, between the City and the Dealer, approved and authorized to be entered into by Section 3.04 of the Ordinance, as from time to time amended or supplemented.

“Debt” shall mean, as applied to the City, at any date all obligations for borrowed money of, or all obligations of any other Person guaranteed by, the City evidenced by bonds (including Bonds), debentures, notes, or other similar instruments (including indebtedness arising under Credit Agreements) payable from the proceeds of any annual ad valorem tax levied on all taxable property within the City, commonly referred to as general obligations of the City. For the purpose of determining Debt, there shall be excluded any particular Debt if, upon or prior to the maturity thereof there shall have been deposited with the proper depository (i) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (ii) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the City in prior Fiscal Years.

“Default” shall mean any condition or event that constitutes, or which with the giving of notice or passage of time or both would, unless cured or waived, constitute a Default under this Agreement.

“Default Rate” shall mean a rate of interest per annum equal to the lesser of (i) the Bank Rate plus 3% and (ii) the Highest Lawful Rate.

“Effective Date” shall mean the Effective Date as defined in Section 3.01 hereof.

“Event of Insolvency” shall mean, with respect to any Person, the occurrence of one or more of the following events:

(a) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of such Person;

(b) the commencement by or against such Person of a case or other proceeding seeking liquidation, reorganization or other relief with respect to the such Person or its debts under any bankruptcy, insolvency or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for such Person or any substantial part of its property;

- (c) the making of an assignment for the benefit of creditors by such Person;
- (d) the failure of such Person to generally pay its debts as they become due;
- (e) the declaration of a moratorium with respect to the payment of the debts of such Person; or
- (f) the initiation of any actions to authorize any of the foregoing by or on behalf of such Person.

“*Federal Funds Rate*” means, for any day, the rate of interest per annum determined by the Lender at its New York Agency to be the weighted average rate for the overnight purchase by the Lender at its New York Agency of Federal funds on such day (or if such day is not a day for trading in Federal funds by and between banks in the New York interbank market, the next preceding day for such trading). Each determination of the Federal Funds Rate by the Lender shall be conclusive and binding on the City absent manifest error.

“*Fiscal Year*” is defined in the Ordinance.

“*Fitch*” shall mean Fitch, Inc, or if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“*Highest Lawful Rate*” shall mean the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the City in the exercise of its borrowing powers (currently prescribed by Chapter 1204, Texas Government Code, as amended, or any successor provision).

“*Holder*” shall mean the Lender and any other holder of any of the Loan Notes or any entity to which a Lender or any such other holder sells a participation in the Loan Notes (whether or not the City was given notice of such sale and whether or not the Holder has an interest in the Loan Notes at the time amounts are payable to such Holder thereunder and under this Agreement).

“*Initial Revolving Credit Maturity Date*” means August 24, 2009.

“*Initial Term Loan Date*” has the meaning set forth in Section 2.01(b).

“*Issuing and Paying Agent*,” “*Paying Agent/Registrar*,” “*Paying Agent*,” or “*Registrar*” is defined in the Ordinance. The initial Issuing and Paying Agent shall be JPMorgan Chase Bank.

“*Lender*” shall mean DEPFA BANK plc, acting by and through its New York Agency.

“*Loan*” shall mean a Loan, including a Term Loan, made pursuant to Article II hereof.

“Loan Notes” shall mean the promissory notes evidencing Loans made by the Lender to the City, in substantially the form of Exhibit ”A” attached hereto, with appropriate completions, and any and all renewals, extensions, or modifications thereof.

“Moody’s” shall mean Moody’s Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“Note Payment Account” is defined in the Ordinance.

“Notes” shall mean the Commercial Paper Notes and the Loan Notes.

“Notice of Loan” shall mean a written borrowing request in substantially the form of Exhibit “B” attached hereto, with appropriate completions, executed by an Authorized Representative, which requests a Loan from the Lender.

“No-Issuance Notice” shall mean the notice described in Section 2.15 hereof.

“Offering Memorandum” shall mean the Offering Memorandum dated April 9, 2001, relating to the issuance of the Commercial Paper Notes.

“Ordinance” shall mean Ordinance Number 14766 adopted on January 20, 2001, authorizing the City, among other things, to execute, deliver, and perform this Agreement and the Loan Notes, and to execute and deliver from time to time the Commercial Paper Notes.

“Outstanding” shall mean, as of the date of determination, all Notes theretofore delivered, except:

- (1) Notes theretofore cancelled and delivered to the City or delivered to the Issuing and Paying Agent for cancellation;
- (2) Notes upon transfer of or in exchange for and in lieu of which other Notes have been delivered pursuant to this Ordinance; and
- (3) Notes under which obligations of the City have been released, discharged or extinguished in accordance with the terms thereof.

“Participant” means any Person which in accordance with Section 9.11(b) hereof, shall participate in the benefits and obligations of the Lender under this Agreement pursuant to a participation agreement between the Lender and such Person.

“Person” shall mean an individual, a corporation, a partnership, an association, a trust, or any other entity or organization, including a governmental or political subdivision or any agency or instrumentality thereof.

“*Prime Rate*” means the fluctuating rate per annum equal to the “Prime Rate” listed daily in the “Money Rate” section of *The Wall Street Journal*, or if *The Wall Street Journal* is not published on a particular Business Day, then, the “prime rate” published in any other national financial journal or newspaper selected by the Lender, and if more than one rate is listed in the applicable publication, the average rate shall be used; any change in the Prime Rate shall take effect on the date specified in the announcement of such change. Each determination of the Prime Rate on the Lender shall be deemed conclusive and binding absent manifest error.

“*Principal Amount*” shall mean, with respect to any Commercial Paper Note, the stated principal amount of such note, and with respect to any Loan Note, the outstanding principal balance of the related Loan.

“*Related Documents*” means this Agreement, the Ordinance, the Issuing and Paying Agent Agreement, the Dealer Agreement, the Offering Memorandum, the Commercial Paper Notes, the Loan Notes, and any exhibits, instruments, or agreements relating thereto.

“*Request for Term Loan*” shall mean a written borrowing request in substantially the form of Exhibit “B-1” attached hereto, with appropriate completions, signed by an Authorized Representative, which requests a Term Loan from the Lender.

“*Revolving Credit Maturity Date*” shall mean the earlier of (a) the Initial Revolving Credit Maturity Date (as such date may be extended pursuant to Section 2.10 hereof), or (b) the date on which the Revolving Credit Period is scheduled to end or is terminated or reduced to zero pursuant to Section 7.02 of this Agreement.

“*Revolving Credit Period*” shall mean the period commencing on the Effective Date and continuing to the earliest to occur of (i) the Revolving Credit Maturity Date or (ii) the day on which the Lender makes a Term Loan.

“*Revolving Loan*” means a loan made during the Revolving Credit Period.

“*S&P*” shall mean Standard & Poor’s Rating Services, a Division of the McGraw-Hill Companies, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“*Term Loan*” shall mean a Loan (made pursuant to Section 2.01(b) hereof) which is evidenced by a Loan Note.

“*Term Loan Certificate*” shall mean a certificate described in Section 3.03, which is signed on behalf of the City by the Chief Financial Officer of the City and dated and delivered to the Lender on the Revolving Credit Maturity Date or such other date on which a Term Loan is requested, as applicable.

“*Term Loan Maturity Date*” shall mean the tenth anniversary of the day on which such Term Loan was made.

“*Term Loan Period*” shall mean the period commencing on the first date a Term Loan is made and ending on the last Term Loan Maturity Date to occur with respect to any Term Loan.

Section 1.02. Incorporation of Certain Definitions by Reference. Any terms with an initial capital letter which are used herein and which are not otherwise defined herein shall have the meaning assigned to them in the Ordinance as in effect on the Effective Date unless the context shall indicate a contrary meaning.

Section 1.03. Accounting Terms. All accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent (except for changes concurred in by the City’s independent public accountants) with the most recent financial statements of the *City* delivered pursuant to Section 6.01.

Section 1.04. Interpretations. The table of contents and article and section headings of this Agreement are included herein for convenience of reference purposes only and shall not constitute a part of this Agreement or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa. All references to time herein shall refer to local time in New York, New York.

ARTICLE II

REVOLVING CREDIT

Section 2.01. Commitment to Lend; Term Loans. (a) The Lender agrees that it will, with respect to Commercial Paper Notes issued before the last day of the Revolving Credit Period, on the terms and conditions set forth in this Agreement, lend to the City from time to time amounts up to, but not to exceed, an aggregate principal amount at any one time outstanding equal to its Commitment. Subject to the terms and conditions of this Agreement, without limitation, including Article III hereof, each Loan by the Lender under this Section 2.01(a) shall be made in such amount as may be requested by an Authorized Representative to enable the City to pay the principal of the Commercial Paper Notes coming due during the Revolving Credit Period. The City may borrow under this Section 2.01(a), prepay under Section 2.07, and reborrow under this Section 2.01(a) at any time and from time to time during the Revolving Credit Period; provided, however, that the aggregate of all borrowings which are not repaid shall not exceed the Lender’s Commitment at any time.

(b) The Lender agrees that it will on the first to occur of (x) the Revolving Credit Maturity Date or (y) the 91st day following the day on which any Revolving Credit Loan is made, on the terms and conditions set forth in this Agreement including without limitation satisfaction of the conditions set forth in Section 2.02(d) and Section 3.03, make a Term Loan to the City in an amount equal to the outstanding unpaid principal balance of the Lender’s Loan Note; provided, however, that the aggregate principal amount of the Lender’s outstanding Term Loan shall at no time exceed the Lender’s Commitment. No Commercial Paper Notes shall be issued after the first day on which a Term Loan is made (the “*Initial Term Loan Date*”). On the

Initial Term Loan Date, all outstanding Revolving Loans shall be immediately due and payable, unless converted to a Term Loan on the Initial Term Loan Date. Any Revolving Loan made after the Initial Term Loan Date shall be immediately due and payable when made, unless converted to a Term Loan on the day on which such subsequent Revolving Loan is made. The principal amount outstanding under each Term Loan shall be repaid in ten equal annual installments commencing on the date which is the first August 1 following the day on which such Term Loan is made; provided that the Term Loan shall be repaid in full on the Term Loan Maturity Date. With respect to Term Loans, amounts required to be repaid or permitted to be prepaid pursuant to Section 2.07 shall not be reborrowed.

Section 2.02. Method of Borrowing. (a) Each Loan shall be made to the City pursuant to a completed Notice of Loan signed by the Authorized Representative (or by the Issuing and Paying Agent acting on behalf of the City), made to the Lender not later than 1:00 p.m. New York time on the Business Day on which a Loan is to be made to the City. A completed and signed Notice of Loan shall be made to the Lender by delivery of a telecopy containing the information prescribed in Exhibit "B" hereto.

(b) If the Lender makes a new Loan hereunder on a day on which the City is obligated to repay all or any part of the principal of an outstanding Loan from the Lender, the Lender shall apply the proceeds of its new Loan to make such repayment and only an amount equal to the difference (if any) between the amount being borrowed and the amount being repaid shall be made available by the Lender or remitted by the City as provided in Section 2.08, as the case may be.

(c) Upon receipt by the Lender of a Notice of Loan, the request for a Loan as therein set out shall not be revocable by the City or by the Issuing and Paying Agent. At or prior to 4:00 p.m. New York time on the date for which the Loan is requested, except as provided in the immediately preceding paragraph, and subject to satisfaction of the applicable conditions set forth in Sections 2.01, 2.02 and 3.02, the Lender shall make available, in immediately available funds, to the Paying Agent the funds necessary for such Loan, for the account of the City with instructions to deposit such funds in the Principal Payment Subaccount of the Note Payment Account. The name and address of the initial Paying Agent to which such funds are to be provided by the Lender is:

JPMorgan Chase Bank

[_____]

[_____]

Telephone: [_____]

Telecopy: [_____]

[Financial Institution]; ABA# [_____] , AC# [_____]

(d) Upon satisfaction of the terms and conditions in Section 3.03, the City may request that the outstanding principal balance of the Loans on the Revolving Credit Maturity Date be converted to a Term Loan pursuant to a completed and signed Request for Term Loan made to the Lender not later than thirty days prior to the Revolving Credit Maturity Date, unless such Term Loan is to be made on a date other than the Revolving Credit Maturity Date, in which case

such Request for Term Loan shall be made to the Lender on or before the date on which such Term Loan is to be made. A completed and signed Request for Term Loan shall be made to the Lender by delivery of a telecopy containing the information prescribed in Exhibit "B-1" hereto.

Section 2.03. Loan Notes. (a) Each of the Loans made by the Lender shall be evidenced by a single Loan Note payable to the order of the Lender in a principal amount equal to the Lender's Commitment. The Loan Note shall bear interest and shall be due and payable on the dates, in the amounts, and under the circumstances set forth herein and in the Loan Note. No interest shall begin to accrue on the Lender's Loan Note until such time as a Loan has been made by the Lender under this Agreement.

(b) The Lender shall record, and prior to any transfer of its Loan Note shall endorse on the schedules forming a part thereof, appropriate notations to evidence the date, amount, type, and maturity of each Loan made by it and the date and amount of each payment of principal made by the City with respect thereto; provided, however, that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the City hereunder or under the Loan Note. In any legal action or proceeding in respect of this Agreement or a Loan Note, the notations made on such Loan Note or as provided by the Lender's accounting records shall be presumptive evidence of the existence and amount due thereunder; provided, however the Lender's failure to record any loan made by the Lender shall not limit the City's obligation to repay such Loan with interest as provided herein. The Lender is hereby authorized by the City to so endorse its Loan Note and to attach to and make a part of its Loan Note a continuation or substitution of any such schedule as and when required.

Section 2.04. Interest. (a) Each Loan shall bear interest on the outstanding principal amount thereof for each day from the date such Loan is made until it becomes due at the applicable Borrowing Rate.

(b) Interest on each Loan shall be payable on the first Business Day of each month commencing with the first such day after a Loan is made hereunder, on the date the principal amount outstanding under the Loan Note is paid in full and on the maturity date thereof.

(c) The Lender shall notify the City by telephone or telecopy of any change in the Borrowing Rate within two Business Days after any change in the Bank Rate, provided that the failure of the Lender to so notify the City shall not affect the obligation of the City to pay interest at the applicable Borrowing Rate.

(d) Notwithstanding anything contained herein or in the Loan Note to the contrary:

(i) (A) in the event that the amount of interest accrued in respect of any Loan by the Lender as of any date, is as a result of the limitations contained herein on the rate or amount of interest which may accrue on such Loan under its Loan Note, less than the amount of interest which would have otherwise accrued on such Loan as of such date at the rate determined under this Section 2.04 (without regard to the provisions of Section 2.14 hereof), then the Loan Note will continue to bear interest with respect to such Loan at the Highest Lawful Rate until such date (or the date such Loan is due and

payable pursuant to Sections 2.01 and 2.06, if earlier, or such later date as provided below in this Subsection (d)) on which the cumulative amount of interest accrued on the Loan Note with respect to such Loan equals the cumulative amount of interest which would have accrued thereon in accordance with this Section 2.04 (other than the provisions of Section 2.14 hereof) but for such limitation on such rate of interest, on which date the rate of interest on the Loan Note with respect to such Loan shall revert to the rates otherwise provided for herein; and (B) until such time as the amount of interest paid to the Lender is equal to the cumulative amount which otherwise would have been paid to the Lender but for the restriction on interest contained in Section 2.14 hereof no repayment may be made by the City on such Loan, the maturity date with respect to such Loan shall be extended (unless the Lender shall otherwise direct by written notice, to the City) and the Loan Note will remain outstanding for so long as necessary until the Lender shall have recovered such cumulative amount of interest in respect of all prior Loans; and

(ii) in all events, all interest accruing on or becoming payable in respect of a Loan Note or any Loan evidenced thereby, including not only amounts so denominated herein but also any other payment, consideration, value, benefit, or other compensation for the use, forbearance, or detention of money, shall never exceed an amount or produce a rate in excess of the maximum amount or rate that may lawfully be contracted for, charged reserved, received, or paid under applicable law in respect of the Loan Note or any such Loan.

(e) To the extent permitted by law, any overdue principal of and overdue interest on any Loan or other amounts owed hereunder which are not paid when due shall bear interest, payable on demand, for each day the same is overdue until paid, at a rate per annum equal to the Default Rate. From and after the occurrence of a Default, all amounts owed hereunder shall bear interest at the Default Rate.

(f) All computations of interest in respect of Loans under this Agreement shall be made on a 365 or 366-day year basis and actual days elapsed. Interest shall accrue during each period during which interest or such fees are computed from and including the first day thereof to but excluding the last day thereof. Each determination of an interest rate by the Lender pursuant to any provision of this Agreement shall be conclusive and binding on the City and the Lender in the absence of manifest error. In addition, any calculation made pursuant to this Section 2.04(f) that would cause the interest (including amounts described in Section 2.04(e)) paid, payable, or accruing on the indebtedness of the City under this Agreement and the Loan Note to exceed the Highest Lawful Rate shall be adjusted so as to reduce the interest paid, payable, and accruing hereunder to such Highest Lawful Rate, as more fully set out in Section 2.04(d) of this Agreement. All sums paid or agreed to be paid to the Lender for the use, forbearance, or detention of the indebtedness evidenced by the Loan Note shall, to the extent permitted by law (including, to the extent applicable, Chapter 1204, Texas Government Code, as amended, and any successor statute) be amortized, prorated, allocated, and spread through the full term of the Loan Note.

(g) Notwithstanding anything contained herein to the contrary, the interest rates applicable to Loans may be changed at any time upon the mutual written agreement of the City

and the Lender. If any such change in the interest rates applicable to Loans is so agreed to, this Agreement and the Loan Note shall remain outstanding and continue in full force and effect, with no modification other than as to the change in the interest rates applicable to Loans, and all Loans will continue to be made under the Loan Note in accordance with this Agreement, modified only to reflect the agreement of the parties with respect to the changed interest rate applicable to Loans.

Section 2.05. Commitment Fees. The City shall pay to the Lender the Commitment Fee calculated on a 360-day basis and actual days elapsed for each day during the term of this Agreement. Such Commitment Fee shall accrue from and including the Closing Date to and including the Revolving Credit Maturity Date and shall be payable quarterly in arrears (a) on the first Business Day of each September, December, March and June, during the term hereof, commencing on December 1, 2004, and (b) on the Revolving Credit Maturity Date. The Commitment Fee shall be payable or accrue in respect of that portion of the Commitment equal to Revolving Loans outstanding hereunder. In the event of a split rating for the City's unenhanced long-term credit rating (*i.e.*, one of the rating agencies' rating is at a different level than the ratings of the other agencies), the Commitment Fee shall be based upon the lowest rating. Any change in the Commitment Fee resulting from a change in a rating shall come effective as of the date of the change in said rating.

Section 2.06. Termination of Commitment. (a) The Lender's Commitment shall terminate on the Revolving Credit Maturity Date. The City may not issue any Commercial Paper Note which matures after the Revolving Credit Maturity Date. Any Loan outstanding (together with accrued interest thereon) shall be due and payable on the Revolving Credit Maturity Date unless such Loan may be and has been converted to a Term Loan pursuant to the provisions of this Agreement in which case the accrued interest outstanding on such date shall be due and payable on such date.

(b) Except as provided in Section 2.06(d), if the Commitment is terminated in its entirety, all accrued Commitment Fees shall be payable on the effective date of such termination.

(c) At any time during the Revolving Credit Period, upon not less than 30 Business Days nor more than 45 Business Days prior notice to the Lender and upon satisfaction of the further conditions specified in this Section, the City may terminate the Commitment in its entirety.

(d) Notwithstanding the foregoing and in consideration of the Lender's undertakings pursuant to this Agreement, the City agrees that if the Commitment is terminated at any time prior to August 24, 2005, the City shall nevertheless pay the Lender on the date of termination the Commitment Fees for the period to and including such date as though the Commitment were not being terminated until such date.

Section 2.07. Optional Prepayments. (a) The City may at any time, upon at least one Business Day's notice to the Lender, prepay all Loans in whole, or in part in an aggregate amount of \$1,000,000 or in integral multiples of \$100,000 in excess thereof, on any Business Day by paying the principal amount to be prepaid together with accrued interest thereon to (but

not including) the date of prepayment. On the Business Day on which the Lender receives any such prepayment as described in this Section 2.07, the Lender's Loans shall be reduced by an amount equal to such prepayment attributable to the prepayment of principal. The City shall be entitled to make only one prepayment during any calendar month.

(b) Upon receipt by the Lender of a notice of prepayment pursuant to this Section, such notice shall not be revocable by the City.

Section 2.08. General Provisions as to Payment . The following general provisions shall apply to all payments of Commitment Fees and payments under the Loan Note, including prepayments under Section 2.07:

(a) The Lender shall calculate and notify the City in writing of the amounts payable by the City hereunder within three (3) Business Days preceding any payment date. Such calculations will be based on the assumptions that the Bank Rate, the Loan Note Outstanding and the amount of Commercial Paper Notes Outstanding will not change from the date of calculation to the payment date. In the event any of the foregoing assumptions change between the date of notification and the payment date, any overpayment or underpayment resulting from such change will be applied to the next ensuing payment or reimbursed or charged, as the case may be.

(b) The City shall make each payment due to the Lender hereunder not later than 12:00 noon New York time, on the day when due, in federal or other funds immediately available, to Citibank N.A. (ABA# 021000089) for the account of DEPFA BANK plc, 623 Fifth Avenue, New York, NY 10022, ABA #021000089, for credit to DEPFA BANK plc, New York Agency, Account # 36209957, Reference: \$50,000,000 City of El Paso, Texas, General Obligation Commercial Paper Notes, Series A 2004.

(c) Whenever any payment due hereunder shall be due on any day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for the payment or prepayment of amounts due hereunder is extended by the preceding sentence, or by operation of law, or otherwise, interest thereon shall be payable for the period of such extension at the rates applicable thereto under other provisions of this Agreement.

Section 2.09. Security for Loan Notes. The Loan Note is a general obligation of the City. The Commercial Paper Notes, the Loan Note and any amounts due under this Agreement, as the same shall become due and payable, are secured by the funds pledged therefor pursuant to the Ordinance, including those certain proceeds and amounts described in Section 4.01 of the Ordinance.

Section 2.10. Requests by the City for Extension of Revolving Credit Period. (a) If the City shall wish to request that the Lender extend the Revolving Credit Period for a period of one year, it may submit a written request in the form of Exhibit "I" hereto to the Lender during the period from the 120th day through and including the 60th preceding each anniversary of the Closing Date. If the Lender agrees to extend the Revolving Credit Period, the Lender shall send

written notice thereof (specifying the terms and conditions, including fees, to be applicable to such extension) to the City within 45 days of the Lender's receipt of such request by the City. If the Lender sends no such written notice, the Lender shall be deemed to have rejected the City's request for an extension. Any such extension will be in the sole and absolute discretion of the Lender.

(b) If the City accepts the extension (including the terms and conditions specified by the Lender as aforesaid), the Revolving Credit Period shall be extended for the period agreed to by the Lender; provided, that, if the terms and conditions to be applicable to such extension differ from those then in effect, such extension shall be conditioned upon the prompt preparation, execution, and delivery of documentation, satisfactory to the Lender and its counsel, incorporating such terms and conditions.

Section 2.11. Notice of Issuing and Paying Agent. The City will give notice to the Lender of the appointment of any new or substitute Issuing and Paying Agent, which notice shall specify the name and address of the Issuing and Paying Agent and the name of a person to contact at the Issuing and Paying Agent.

Section 2.12. Failure of a Lender to Loan. The failure of the Lender to make any requested Loan required to be made under the Loan Note shall not release the Lender from its agreement to make such Loans, nor shall receipt and acceptance by the City of any Loan or portion thereof from the Lender be a release, discharge, or waiver of any claim, demand or cause of action of, or for the benefit of, the City arising out of or in continuation with any such failure to advance funds.

Section 2.13. Fees are not Interest. All fees prescribed in Section 2.05 shall constitute exclusively the consideration for the Lender's agreement to have available funds in the amount committed by the Lender in respect of Loans and to make such Loans in the future as provided herein and shall not constitute or be treated as compensation for the use of, forbearance, or detention of money actually loaned and advanced hereunder.

Section 2.14. Compliance with Law. Notwithstanding any other term or provision of this Agreement or of the Loan Note, the maximum amount of interest which may be payable by, charged to, or collected from the City, or any other Person either primarily or conditionally liable for the payment of the Loan Note, shall be limited to, and shall in no event or under any circumstance exceed, the Highest Lawful Interest Rate so that, notwithstanding any other term or provision of this Agreement or the Loan Note, the aggregate of the interest on any Loan, including all fees and other amounts which constitute interest under applicable state law (and any applicable federal statutes), shall never exceed the Highest Lawful Rate. Accordingly, the City and the Lender stipulate and agree that this Agreement and the Loan Note shall not be construed to create a contract to pay interest for the use, forbearance, or detention of money at a rate in excess of the Highest Lawful Rate, and the City shall never be liable for interest in excess of the Highest Lawful Rate.

Specifically and without limiting the generality of the foregoing, it is further agreed among the City and the Lender that the maximum amount of interest contracted for and payable

on or under this Agreement and the Loan Note, now or hereafter shall be calculated in order that such rate shall not exceed the Highest Lawful Rate, and such parties agree that:

(a) In the event of voluntary prepayment of any Loan or payment prior to the normal maturity date of any Loan, if the aggregate amount of any interest calculated thereunder or thereon, plus any other amounts which constitute interest on such Loan would, in the aggregate, if charged or paid (if calculated in accordance with provisions other than those set forth in this Section) exceed the Highest Lawful Rate, then in such event the amount of such excess shall not be charged, payable or due (if not previously paid) or (if paid) shall be credited toward the payment of the principal of the Loan involved so as to reduce the amount thereof and if, and to the extent, the entire principal amount has been paid in full, refunded to the City.

(b) If under any circumstances the aggregate amounts paid on any Loan prior to or incident to final payment thereof include any amounts which under applicable state laws (and any applicable federal statutes) would be deemed interest and which would exceed the Highest Lawful Rate, such payment and collection shall be deemed to have been the result of mathematical error on the part of all parties hereto, and the party receiving such excess payment shall promptly refund the amount of such excess (to the extent only of the excess of interest payments above the Highest Lawful Rate) upon discovery of such error by the party receiving such payment of notice thereof from the party making such payment.

(c) The provisions of this Section 2.14 shall control over any other provisions of this Agreement, the Loan Note, any other instrument or writing evidencing, respecting or affecting the Loans, and each Lender further agrees that any limitations or restrictions imposed on it, or on payments which it may receive by reason of this Section 2.14 shall apply and be recognized in all circumstances and to all payments, regardless of the source or payor thereof.

Section 2.15. No-Issuance Notice. (a) If, (i) a Default shall have occurred and be continuing, or (ii) the representations and warranties of the City set forth in Article IV hereof are not true and correct in all material respects on and as of the date of the No-Issuance Notice referred to below with the same effect as though made on and as of the date of such notice, the Lender may deliver a notice to that effect ("*No-Issuance Notice*") to the Issuing and Paying Agent (a copy of which shall be delivered by the Lender to the City and the Dealer), and the City will not issue any additional Commercial Paper Notes that would increase the Outstanding principal amount of Commercial Paper Notes after the delivery of such No-Issuance Notice.

(b) A No-Issuance Notice may be given in writing, delivered to the Issuing and Paying Agent (and to the City, and the Dealer), substantially in the form of, or orally by specifying the appropriate information set forth in, Exhibit "C" hereto, but if given orally shall be confirmed by the Lender promptly in writing, provided that the failure to promptly confirm such No-Issuance Notice in writing shall not render the notice given thereby ineffective. The Lender agrees that if, after the delivery of a No-Issuance Notice, the event or condition of the character described in clause (a) of this Section shall no longer be continuing and the Lender shall have received a

notice from an Authorized Representative certifying to that effect, then the Lender shall deliver a notice (a copy of which shall be delivered to the City and the Dealer) to the Issuing and Paying Agent rescinding such No-Issuance Notice.

Section 2.16. Net of Taxes, Etc. (a) *Taxes.* Any and all payment to the Lender by the City hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed as a result of a Change of Law, excluding, however, taxes imposed on or measured by the net income or capital of the Lender by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Lender and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “*Taxes*”). If as a result of a Change of Law, the City shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Lender, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.16), the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City shall make such deductions and (iii) the City shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the City shall make any payment under this Section 2.16 to or for the benefit of the Lender with respect to Taxes and if the Lender shall claim any credit or deduction for such Taxes against any other taxes payable by the Lender to any taxing jurisdiction in the United States then the Lender shall pay to the City an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Lender pursuant to this sentence shall not exceed the aggregate amount previously paid by the City with respect to such Taxes. In addition, the City, agrees to pay any present or future stamp, recording or documentary taxes and, if as a result of a Change of Law, any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or the State of New York from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement, excluding, however, taxes imposed on or measured by the net income or capital of the Lender by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Lender and such jurisdiction or political subdivision (hereinafter referred to as “*Other Taxes*”). The Lender shall provide to the City within a reasonable time a copy of any written notification it receives with respect to Other Taxes owing by the City to the Lender hereunder provided that the Lender’s failure to send such notice shall not relieve the City of its obligation to pay such amounts hereunder.

(b) *Indemnity.* The City shall, to the fullest extent permitted by law, indemnify the Lender for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.16 paid by the Lender or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the City shall not be obligated to indemnify the Lender for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Lender’s negligence or willful misconduct. The Lender agrees to give notice to the City of the assertion of any claim against

the Lender relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Lender's failure to notify the City promptly of such assertion shall not relieve the City of its obligation under this Section 2.16. Payments by the City pursuant to this indemnification shall be made within thirty (30) days from the date the Lender makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Lender agrees to repay to the City any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the City pursuant to this Section 2.16 received by the Lender for Taxes or Other Taxes that were paid by the City pursuant to this Section 2.16 and to contest, with the cooperation and at the expense of the City, any such Taxes or Other Taxes which the Lender or the City reasonably believes not to have been properly assessed.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes by the City, the City shall furnish to the Lender, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Survival of Obligations.* The obligations of the City under this Section 2.16 shall survive the termination of this Agreement.

ARTICLE III

CONDITIONS

Section 3.01. Conditions to Closing and Commencement of Revolving Credit Period.

This Agreement shall be delivered to, and binding upon, the City and the Lender on the date (the "*Closing Date*") on which the conditions set out in Subsections (a) and (b) of this Section 3.01 shall have been satisfied. The Revolving Credit Period shall commence on the date (the "*Effective Date*") on which the conditions set out in Subsections (a), (b), and (c) of this Section 3.01 shall have been satisfied.

(a) On the Closing Date, the Lender shall have received all of the following:

(i) a counterpart of this Agreement duly executed by the City and the Lender;

(ii) a duly executed Loan Note for the Lender, dated August 24, 2004, complying with the provisions of Section 2.03 and substantially in the form set out in Exhibit "A" hereto;

(iii) a certified copy of the Ordinance, including any amendments thereto, if any, which have been adopted as of the Closing Date, approving and authorizing this Agreement and the Loan Note in form and substance satisfactory to the Lender;

(iv) a certificate of the Mayor of the City in form and substance satisfactory to the Lender, dated the Closing Date, and substantially in the form of

Exhibit "D" thereto, together with an incumbency certificate with respect to the Officers of the City executing this Agreement, the Loan Note and the Related Documents;

(v) an opinion of counsel for the City, on which the Lender may rely, dated the Closing Date, and substantially in the form of Exhibit "E" hereto, with such changes, modifications, deletions, or additions as may be acceptable to such counsel and counsel for the recipients thereof;

(vi) an opinion of Co-Bond Counsel, dated the Closing Date, substantially in the form of Exhibit "F" hereto, with such changes, modifications, deletions, or additions as may be acceptable to such counsel and counsel for the Lender and the Dealer;

(vii) certified copies of the Issuing and Paying Agent Agreement and the Dealer Agreement in form and substance satisfactory to the Lender;

(viii) copies of all approvals or authorizations by, or consents of, or notices to or registrations with, any governmental body or agency required for the City to enter into this Agreement and the Related Documents and of all such approvals, authorizations, consents, notices, or registrations required to be obtained or made prior to the Closing Date in connection with the transactions contemplated hereby and by the Related Documents;

(ix) payment, in immediately available funds, of the amounts described in clauses (a) and (b) of Section 9.04 hereof;

(x) copies of the most recent audited financial statements of the City, the approved budget for the current Fiscal Year, and a copy of the current investment policies of the City (in form and content satisfactory to the Lender); and

(xi) such other documents, opinions, or certificates reasonably requested by the Lender; and

(xii) a copy of a rating letter from Moody's and S&P, which confirms that the Commercial Paper Notes have received short-term ratings of P-1 by Moody's and A-1+ by S&P; and

(b) In addition, on the Closing Date, the City shall have received all of the following:

(i) a counterpart of this Agreement, duly executed by the City and the Lender;

(ii) Opinion of Chapman and Cutler LLP, counsel to the Lender, dated the Closing date and substantially in the form of Exhibit "G", with such changes, modifications, deletions, or additions as may be acceptable to such counsel and counsel for the addressees thereof; and

(iii) the opinion of foreign counsel for DEPFA BANK plc with respect to such Lender's undertakings hereunder.

(c) On the Effective Date, the following items, in addition to the items listed in paragraphs (a) and (b) of this Section 3.01, shall have been delivered to the City and the Lender:

(i) evidence satisfactory to the Lender that the Attorney General of the State of Texas shall have approved the Related Documents and this Agreement as required by the Act; and

(ii) an Authorized Representatives' Certificate, dated on or before the Effective Date, executed by the Chief Financial Officer of the City in substantially the form of Exhibit H hereto.

Section 3.02. Conditions to Loans During Revolving Credit Period. The obligation of the Lender to make any Loan, when so requested hereunder during the Revolving Credit Period, is subject to receipt by the Lender of a Notice of Loan as required by Section 2.02(a) and to the satisfaction of the further conditions that no Automatic Commitment Termination Event has occurred and is continuing. In addition, no Lender shall have any obligation to make a Loan to the City to pay the principal of any additional Commercial Paper Notes that would increase the Outstanding principal amount of Commercial Paper Notes which were issued by the City after receipt by the Paying Agent, the Dealer, and an Authorized Representative of a No-Issuance Notice, provided that the Lender shall be obligated to make a Loan to pay the principal of Commercial Paper Notes that were outstanding on the day the No-Issuance Notice was issued, including Commercial Paper Notes due and payable on such day.

Section 3.03. Conditions to Term Loan. The obligation of the Lender to make a Term Loan is subject to receipt by the Lender of a Request for Term Loan as required by Section 2.02(d) and a Term Loan Certificate which warrants and represents that (i) no Default or Automatic Commitment Termination Event has occurred and is continuing, (ii) the representations and warranties of the City contained in Article IV hereof are true and correct in all respects as of the Revolving Credit Maturity Date or the date such Term Loan is requested, as applicable, (iii) no Commercial Paper Notes were issued by the City after the delivery of the Request for Term Loan, and (iv) if a Term Loan is to be made on the Revolving Credit Maturity Date, there are no Commercial Paper Notes outstanding on the Revolving Credit Maturity Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE CITY

The City whereby represents and warrants:

Section 4.01. Organization and Powers. The City (a) is duly established and validly existing under the laws of the State of Texas under and pursuant to the Constitution of the State of Texas and is a home-rule City of the State of Texas; (b) has all corporate powers and all material governmental licenses, authorizations, consents, and approvals required to pay its Debts, including the Loans, and to levy and pledge ad valorem taxes against all taxable property within the City to secure payment of its Debts, including the Loans; and (c) has full power and authority to adopt the Ordinance; to execute, deliver, and perform the Ordinance, the Commercial Paper Notes, this Agreement, and the Related Documents; to borrow money hereunder, and to execute, deliver, and perform the Loan Note according to its terms.

Section 4.02. Authorization; Contravention . The execution, delivery, and performance by the City of the Ordinance, this Agreement, and the Related Documents and the making of the payments under the Loan Note have been duly authorized by all necessary action by the City and do not contravene, or result in the violation of, or constitute a default under, any provision of applicable law or regulation, or any order, rule, or regulation of any court, governmental agency, or instrumentality or any agreement, resolution, or instrument to which the City is a party or by which its or any of its property is bound.

Section 4.03. Governmental Consent or Approval. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency, or instrumentality that has not been obtained or issued is or will be necessary for the valid adoption, execution, delivery or performance by the City of the Ordinance, the Related Documents, this Agreement, and the Loan Note.

Section 4.04. Binding Effect. This Agreement, the Ordinance, and the Related Documents constitute legal, valid, and binding obligations of the City enforceable against the City in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws or equitable principles relating to or limiting creditor's rights and remedies generally.

Section 4.05. Federal Reserve Regulations. No part of the proceeds of any Loan will be used for the purpose, whether immediate, incidental, or ultimate, to purchase or carry any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time), or to extend credit to others for the purpose of purchasing or carrying any margin stock, or for any other purpose which would violate any of the regulations of said Board of Governors.

Section 4.06. Litigation. There is no action, suit, or proceeding pending in any court or, to the knowledge of the City, threatened against or, affecting the City, or relating to other applicable laws or regulations, or this Agreement or the Related Documents in any court or

before or by any governmental department, agency, instrumentality, or arbitrator the resolution of which would materially adversely affect the ability or authority of the City to perform its obligations under this Agreement or the Related Documents, or which in any manner questions the validity or enforceability of this Agreement, the Ordinance; or the Related Documents, except any action, suit, or proceeding (i) as described in the Offering Memorandum prepared by the City and the Dealer relating to the Commercial Paper Notes or (ii) which may be brought prior to the Effective Date as to which the Lender has received an opinion of counsel satisfactory to the Lender, in form and substance satisfactory to the Lender and its counsel, to the effect that such action, suit, or proceeding is without substantial merit.

Section 4.07. Compliance with Law and Related Documents. The City (a) is in compliance with all laws of the United States and of the State of Texas material to the performance of its obligations under this Agreement and the Related Documents and with all provisions of each Related Document, and (b) has received no notice nor has it any knowledge that a material default or breach, after any applicable notice and grace period, by the City exists under any material contracts, agreements or other instruments to which it is a party or by which it or any of its properties or revenues is bound.

Section 4.08. Financial Statements. Since the effective date of the financial information provided by the City to the Lender in connection with this Agreement, there has been no material adverse change in the business, properties, condition (financial or otherwise), or operations, present or prospective, of the City.

Section 4.09. Complete and Correct Information. All information, reports, and other papers and data with respect to the City furnished to the Lender in connection with this Agreement were, at the time the same were so furnished, complete and correct in all material respects, to the extent necessary to give the Lender a true and accurate knowledge of the subject matter. No document furnished or statement made by the City in connection with the negotiations, preparation, or execution of this Agreement contains any untrue statement of a fact material to its creditworthiness or omits to state a material fact necessary in order to make the statements contained therein not misleading.

Section 4.10. Sovereign Immunity. TO THE EXTENT PERMITTED BY LAW, THE CITY AGREES THAT (A) THE DEFENSE OF SOVEREIGN IMMUNITY IS NOT AVAILABLE TO THE CITY IN ANY PROCEEDING BY THE LENDER TO ENFORCE THE OBLIGATIONS OF THE CITY UNDER THIS AGREEMENT OR THE LOAN NOTE, AND (B) WITHOUT WAIVING ANY OTHER DEFENSE, THE CITY CONSENTS TO THE INITIATION OF ANY SUCH PROCEEDINGS IN ANY COURT OF COMPETENT JURISDICTION AND ITS WAIVER OF AND AGREEMENT NOT TO ASSERT THE DEFENSE OF SOVEREIGN IMMUNITY IN ANY SUCH PROCEEDING SHALL BE VALID AND BINDING UPON THE CITY AND ENFORCEABLE.

Section 4.11. Loan Notes and Commercial Paper Notes General Obligations of City. The Loan Note (to the extent of Loans made thereunder) is, and the Commercial Paper Notes when issued will be, the direct and general obligations of the City for the payment of which, both principal and interest, the City has ordered to be levied, ad valorem taxes, within the limits prescribed by law, against all taxable property within the City, for each year while principal and interest on the Commercial Paper Notes and Loan Note remain outstanding.

Section 4.12. Incorporation by Reference. The representations and warranties made by the City in the Related Documents, and the definitions related thereto, are hereby incorporated herein by reference and made for the benefit of the Lender.

Section 4.13. No Defaults. No Default has occurred and is continuing.

Section 4.14. No Proposed Legal Changes. There is no amendment or, to the knowledge of the City, proposed amendment certified for placement on a statewide ballot to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any law of the State, or any legislation that has passed either house of the legislature of the State or the United States Congress, or any published judicial decision interpreting any of the foregoing, the effect of which would be to have a material adverse effect with respect to the City's ability to repay when due its obligations under this Agreement, the Lender Note, and any of the other Related Documents.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE LENDER

Section 5.01. Organization and Powers. The Lender represents that:

(a) the Lender (i) is duly established and validly existing under the laws of its jurisdiction, and (ii) has full power and authority to execute, deliver, and perform this Agreement and to make Loans in accordance with its Commitment and this Agreement;

(b) that the execution, delivery, and performance by it of this Agreement and its Loans to be made hereunder have been duly authorized by all necessary action by it and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, its charter, or any order, rule, or regulation of any court, governmental agency, or instrumentality or any material agreement, resolution, or instrument to which it is a party or by which it or any of its property is bound; and

(c) that this Agreement is a valid and binding agreement of the Lender, assuming this Agreement is a valid and binding agreement of the City, enforceable against the Lender in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws or equitable principles relating to or limiting creditor's rights and remedies generally.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Supplemental Information. The City will deliver to the Lender:

(a) as soon as reasonably available after the end of each Fiscal Year, and in any event within 180 days after the end of such Fiscal Year, a copy of the annual report of the City prepared in accordance with generally accepted accounting principles consistently applied and audited by independent certified public accountants of recognized standing, including a balance sheet of the City as of the end of such Fiscal Year and related statements of revenues, expenses, and changes in fund balances for the Fiscal Year ended;

(b) concurrently with the delivery of the financial statements described in Section 6.01(a), a certificate of an Authorized Representative (A) to the effect that as of the date of such certificate no Default has occurred, or (B) if a Default has occurred specifying the nature of such Default, the period of its existence, and the action which the City is taking or proposes to take with respect thereto unless such Default has previously been reported pursuant to clause (e) below, and no change in the status of such Default has occurred;

(c) as soon as reasonably available and in any event within sixty (60) days after the end of each quarter of each Fiscal Year of the City, the unaudited financial report of the City as of the end of such fiscal quarter, which includes information as to actual financial results compared to results contemplated by an annual budget, prepared from the books and records of the City on a consistent basis;

(d) as soon as practicable but in any event within 40 days after close of each fiscal quarter of the City, copies of any prospectus, official statement, offering circular, placement memorandum, or similar or corresponding document, and any supplements thereto and updates and amendments thereof, that the City makes available in connection with the offering for sale of any securities issued as general obligations by the City, and, on request, copies of such other financial reports that the City shall customarily and regularly provide to the public;

(e) promptly upon the occurrence of any Default a certificate of an Authorized Representative setting forth the details thereof and the action which the City is taking or proposes to take with respect thereto;

(f) concurrently with the delivery of the financial statements described in Section 6.01(a), the report showing the aggregate amount and maturities of Commercial Paper Notes outstanding at the end of the period covered by such financial statements and a summary of the aggregate principal amount of Commercial Paper Notes issued, rolled over and retired in such period any other Debt then outstanding;

(g) as soon as available after the beginning of each Fiscal Year, a copy of the City's budget for such Fiscal Year and, if such budget has not then been adopted, within 30 days after the beginning of such Fiscal Year, a copy of the continuing appropriation ordinance adopted by the City appropriating funds pending the adoption of the budget;

(h) concurrently with the delivery of the financial statements set out in Section 6.01(a), a written description of any actions, suits, and proceedings against the City before any court or governmental department, commission, board, bureau, agency, or instrumentality where there is a reasonable possibility of an adverse determination against the City, and which, if determined adversely against the City, would have a material adverse effect on the financial condition of the City; and

(i) upon written request of the Lender, any other financial information reasonably requested.

Section 6.02. Access to Records. The City will furnish to the Lender such information regarding the financial condition, results of operations, current investments of funds of the City, or business of the City as the Lender may reasonably request and will permit any officers, employees, or agents of the Lender to visit and inspect any of the properties of the City and to discuss matters reasonably pertinent to an evaluation of the credit of the City, all at such reasonable times as the Lender may reasonably request. All information received by or provided to the Lender pursuant to this Agreement, unless otherwise made public by the City, will be held as confidential information by the Lender.

Section 6.03. Maintenance of Issuing and Paying Agent and Dealer. The City shall maintain in place an Issuing and Paying Agent and a Dealer, and obtain the prior written consent of the Lender (which consent shall not be unreasonably withheld) to any change in the Persons acting as Issuing and Paying Agent or Dealer.

Section 6.04. Proceeds of Commercial Paper Notes. The proceeds of the Commercial Paper Notes will be used by the City solely for the purposes described in the Ordinance.

Section 6.05. No Amendment of Certain Contracts or Ordinances. The City will not consent to any amendment to or modification or waiver of any of the provisions of the Ordinance or the Related Documents without the prior written consent of the Lender. The City will give the Lender notice as promptly as practicable (but in no event less than ten (10) Business Days) of any proposed amendments to or modifications or waivers of any provisions of the Ordinance and of any meeting of the City Council of the City at which any of the foregoing will be discussed or considered.

Section 6.06. Tax Levy. The City shall levy and cause to be collected taxes and take such further action as is appropriate, including, without limitation, using reasonable efforts to offer and sell bonds or other evidences of indebtedness, to provide for the payment when due of its obligations under this Agreement, the Loan Notes, and the Commercial Paper Notes.

Section 6.07. Other Covenants. The City shall fully and faithfully perform each of its covenants, agreements, and obligations contained in the Ordinance and the other Related Documents.

Section 6.08. Debts and Obligations. The City will pay all its Debt when due and, except for those matters which the City reasonably may be contesting in good faith, will pay all material obligations payable from the City's general fund promptly and in accordance with their terms before the same shall become in default.

Section 6.09. Supplemental Ordinances and Further Assurances. The City will not adopt any supplemental ordinances, pursuant to the Ordinance or otherwise, which would adversely affect the ability of the City to make payments of the Loan Notes when due. The City will at any and all times, insofar as it may be authorized so to do by law, pass, make, do, execute, acknowledge, and deliver all and every such further resolutions, acts, assignments, recordings, filings, transfers, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, and confirming all and singular the rights, revenues, and other funds pledged or assigned to the payment of the Loan Notes hereby or pursuant to the Ordinance, or intended so to be, of which the City may become bound to pledge or assign.

Section 6.10. Efforts to Pay. In the event that any Loan Note is not paid at maturity, the City shall as quickly as possible take all action necessary to allow payment from any lawfully available funds including proceeds of Bonds.

Section 6.11. Restrictions on Use of Proceeds. The proceeds of the Loans will be applied by the City only to pay the principal of the Commercial Paper Notes coming due during the Revolving Credit Period. None of the funds borrowed by virtue of this Agreement will be used in any manner or for any purpose except in the manner and for the purposes authorized by Texas law, this Agreement and the Ordinance.

Section 6.12. Performance and Compliance with Other Covenants. The City shall perform and comply with each of the covenants contained in the Related Documents.

Section 6.13. Compliance with Rules and Regulations. The City shall comply with all laws, ordinances, orders, rules, and regulations of duly constituted public authorities which if not complied with would have a materially adverse effect on the City's ability to perform its obligations hereunder and under the Related Documents.

Section 6.14. Further Assurances. The City will from time to time, at its expense promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request, in order to (i) perfect and protect any lien, pledge, or security interest or other right or interest given, or purported to be given to the Lender under or in connection with this Agreement or (ii) enable the Lender to exercise or enforce its rights under or in connection with this Agreement.

Section 6.15. Alternate Liquidity Facility. (a) The City agrees to obtain a Credit Agreement in substitution for this Agreement (an "Alternate Liquidity Facility") to replace this

Agreement in the event (i) the Lender shall decide not to extend the Revolving Credit Maturity Date pursuant to the terms hereof, (ii) the City terminates this Agreement pursuant to the terms hereof, or (iii) the Lender shall furnish a No-Issuance Notice.

(b) The City agrees that any Alternate Liquidity Facility will require, as a condition of the effectiveness of the Alternate Liquidity Facility, that the Alternate Liquidity Facility will provide funds to the extent necessary, in addition to other funds available, on the date the Alternate Liquidity Facility becomes effective, for the repayment of all Loans with interest accrued through such effective date. On such date any and all amounts owed to the Lender hereunder, or the Loan Note shall be payable in full to the Lender.

(c) The City shall not permit an Alternate Liquidity Facility to become effective with respect to less than all of the Commercial Paper Notes without the prior written consent of the Lender.

Section 6.16. Note Issuance. During the term of this Agreement, the City will issue Commercial Paper Notes only at par and not at a discount.

Section 6.17. Offering Memorandum. The City will not refer to the Lender in the Offering Memorandum or make changes in the references to the Lender in the Offering Memorandum without obtaining the Lender's prior written consent thereto.

Section 6.18. Total Outstanding. The City will not permit the aggregate principal amount of all Notes (including the Lender Note) at any time to exceed the Commitment at such time.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Defaults, Definitions. Any one of the following occurrences shall constitute a "Default" under this Agreement, resulting, in the appropriate cases, in the results described in Section 7.02, and entitling the Lender, in all cases, to pursue the applicable cumulative remedies described and preserved in Section 7.03, to-wit:

(a) the City shall fail to pay any amount of the principal of or the interest on the Loan Note when due;

(b) the City shall fail to pay the interest of any Commercial Paper Note when due;

(c) any provision of this Agreement or the Ordinance that relates to the City's ability or obligation to make payments to the Lender hereunder, to make payments on the Loan Note, or to raise funds or levy taxes to meet such payment obligations, or any other material provision of this Agreement, the Ordinance or the Loan Note, shall at any time and for any reason cease to be valid and binding on the City as a result of federal or state legislative or administrative action, or shall be declared, in a final, nonappealable

judgment by any court having jurisdiction over the City, to be null and void, invalid, or unenforceable;

(d) an Event of Insolvency shall occur with respect to the City;

(e) any debt obligation of the City which ranks on a parity with or senior to the lien securing the Commercial Paper Notes is assigned a rating by Moody's, S&P or Fitch which is lower than Baa3, BBB- or BBB-, as the case may be, or the ratings assigned by either Moody's, S&P or Fitch to such debt obligations are withdrawn or suspended;

(f) a formal claim, contention or filing is made by the City in any official forum or proceeding, judicial or otherwise, in which the City claims or seeks an adjudication that this Agreement, the Loan Note, or the Related Documents are not binding on, or are not valid and enforceable against the City, or the City otherwise repudiates the obligations of the City under any of the foregoing documents in such official forum or proceeding;

(g) the powers of the City shall be limited in any way or the Ordinance shall be modified or amended in any way without the prior written consent of the Lender, in either case, which prevents the City from levying, collecting, or applying ad valorem taxes in an amount sufficient to pay its Debts as they become due; or;

(h) (i) default by the City in the payment of any Debt when due or within any applicable grace period or (ii) the occurrence of any event under any ordinance, resolution, or instrument giving rise to any Debt, which results in or would entitle the obligee thereof or a trustee on behalf of such obligee to pursue any remedies against the City, including the right to declare the acceleration of any maturity thereof, or upon the lapse of time or the giving of notice or both would entitle the obligee thereof or a trustee on behalf of such obligee to accelerate any maturity thereof, or which results in the forfeiture by the City of any of its rights under any such ordinance, resolution, or instrument;

(i) the City shall fail to pay any Commitment Fee or any other amount payable hereunder, other than the principal of and interest on the Loan Note, and such failure shall continue for a period of five (5) Business Days from the date of notice of such failure is given by the Lender;

(j) any representation, warranty, certification, or statement made by the City in this Agreement, or by an Authorized Officer in any certificate, financial statement, or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made; and

(k) a final non-appealable judgment or order for the payment of money in excess of \$1,000,000 payable from the Collateral shall be rendered against the City and shall continue unsatisfied and unstayed for a period of sixty (60) days;

(l) the breach by the City of any covenant, agreement, or condition contained in this Agreement or the Loan Note not described in (a) through (l) above, including the covenants contained in Article VI, and the continuation of such breach without cure or correction to the satisfaction of the Lender for more than 10 days after written notice thereof has been given by the Lender to the City; provided, however, such breach shall not constitute a Default for such period of time as, in the opinion of the Lender, the City diligently pursues a cure or correction of such breach.

Section 7.02. Remedies, Automatic Commitment Termination Events. (a) For the purposes of this Section, the Defaults described in clauses (a) through (h)(i) inclusive, of Section 7.01 of this Agreement, are specially defined herein individually as an “Automatic Commitment Termination Event” and collectively as “Automatic Commitment Termination Events.”

(b) The Commitment shall automatically terminate, without the necessity of giving any further notice to the City or any other Person, upon the occurrence of any one or more of the Automatic Commitment Termination Events.

(c) Upon the occurrence of an Automatic Commitment Termination Event, the Lender shall not have any obligation to make any original or additional Loans to fund then Outstanding or any future installments of Commercial Paper Notes.

Section 7.03. Remedies, No-Issuance Notices, Termination of Commitments. (a) Upon (i) the occurrence of any Default, and/or (ii) the date upon which a claim is expressed or an assertion is made in writing, addressed to the Lender, or to any party to any of the Commercial Paper Documents signed by any Authorized Officer or other official of the City, that this Agreement or the Loan Note is not binding on, or are not enforceable against, the City, or otherwise repudiating the obligations of the City under any of the foregoing documents, the Lender may, if the Commitment has not theretofore automatically terminated pursuant to Section 7.02 of this Agreement, terminate the Commitments by issuing a No-Issuance Notice to the Issuing and Paying Agent, with a copy to the City, whereupon the Commitment shall terminate on and as of the date on which the No-Issuance Notice is received by the Issuing and Paying Agent.

(b) Termination of the Commitment pursuant to a No-Issuance Notice under subsection (a) of this Section shall not affect the obligation of the Lender to make Loans in the aggregate amount equal to its Commitment in accordance with the terms of Article II of this Agreement, to the extent, but only to the extent, necessary for the City to make the required payments of principal of Commercial Paper Notes issued and sold prior to the time the No-Issuance Notice is received by the Issuing and Paying Agent; provided further that if any Loans are made that would not have been made but for the application of the immediately preceding provision, such Loans shall have a maturity date, and shall be immediately due and payable, on the date they are made.

Section 7.04. Other Remedies. (a) Upon the occurrence of any Default and in addition to the automatic and optional remedies provided in Sections 7.02 and 7.03, respectively, the Lender

may undertake and pursue to conclusion any one or all of the actions, proceedings, and remedies provided in the succeeding subsections of this Section.

(b) Upon the occurrence of any Default, the Lender may undertake and pursue to conclusion any judicial proceeding, either at law or in equity (by mandamus or otherwise), in any form or forum that is permitted by law, as the Lender shall deem most effectual to protect and enforce the rights of the Lender hereunder and under the Loan Note.

(c) All remedies granted herein are cumulative and are not exclusive, and, in addition to the remedies specifically conferred on the Lender in this Section, the City intends hereby to confer and grant to the Lender every other remedy that is now or hereafter permitted by law, in equity, by statute, or otherwise.

(d) The remedies conferred herein may be exercised by the Lender at any time or from time to time, and as often as may be necessary, and the failure to take action in regard to one or more Defaults shall not constitute a waiver of, or the right to take action in the future in regard to, subsequent Defaults.

ARTICLE VIII

ADMINISTRATION

Section 8.01. Powers, and Immunities of Lender. The Lender may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither the Lender nor any of its directors, officers, employees or agents shall be liable or responsible to the City for any action taken or omitted to be taken by it or them hereunder or under any other Related Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct.

Section 8.02. Reliance by Lender. The Lender shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, or telecopy) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Lender.

Section 8.03. Withholding Taxes. The Lender represents that it is entitled to receive any payments to be made to it hereunder without the withholding of any tax and will furnish to the City such forms, certifications, statements and other, documents as the City may request from time to time to evidence such Lenders' exemption from the withholding of any tax imposed by any jurisdiction or to enable the City to comply with any applicable laws or regulations relating thereto. Without limiting the effect of the foregoing, if any Lender is not created or organized under the laws of the United States of America or any state thereof, in the event that the payment of interest by the City is treated for U.S. income tax purposes as derived in whole or in part from sources from within the U.S., such Lender will furnish to the City Form 4224 or Form 1001 of the Internal Revenue Service, or such other forms, certifications, statements or documents, duly

executed and completed by the Lender as evidence of such Lender's exemption from the withholding of U.S. tax with respect thereto.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Additional Costs. If any law or guideline or interpretation or application thereof by any governmental authority charged with the interpretation or administration thereof or compliance with any request or directive of any governmental authority (whether or not having the force of law) now existing or hereafter adopted:

(a) subjects the Lender or any Participant to any tax or changes the basis of taxation with respect to this Agreement or the Loan Note, or payments by the City of principal, interest, fees or other amounts due from the City hereunder or under the Loan Note (except for taxes on the overall net income or share capital of such Lender or Participant imposed by the jurisdiction in which the Lender's or Participant's principal office is located),

(b) imposes, modifies, or deems applicable any reserve, special deposit or similar requirement against credits or commitments to extend credit extended by, assets (funded or contingent) of, deposits with or for the account of, or other acquisitions of funds by, the Lender or any Participant,

(c) imposes, modifies, or deems applicable any capital adequacy or similar requirement (i) against assets (funded or contingent) of, or credits or commitments to extend credit extended by, the Lender or any Participant, or (ii) otherwise applicable to the obligations of the Lender or any Participant under this Agreement, or

(d) imposes upon the Lender or any Participant any other condition or expense with respect to this Agreement, or the Loan Notes, or its making, maintenance or funding of any loan or other credit or any commitment or security therefor,

and the result of any of the foregoing is to increase directly or indirectly the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon the Lender or any Participant with respect to this Agreement, the Loan Note or the making, maintenance or funding of any loan (or, in the case of any capital adequacy or similar requirement, to have the effect of reducing the rate of return on such Lender's or Participant's capital, taking into consideration such Lender's or Participant's policies with respect to capital adequacy) by an amount which the Lender or Participant deems to be material to it, then such Lender shall (for itself or for its Participant) from time to time notify the City of the amount determined in good faith (using any reasonable averaging and attribution methods) by such Lender or Participant (which determination shall be conclusive absent manifest error) to be necessary to compensate such Lender or Participant for such increase, reduction or disposition. Such amount shall be due and payable by the City to such Lender or Participant within ten Business Days from the date of the Lender's notice. A certificate by such Lender or Participant as to the amount due and payable

under this Section from time to time and the method of calculating such amount shall be conclusive absent manifest error and shall be provided to the City along with the notice described above. The rights of any Participant in this Section 9.01 are expressly limited by the provisions of Section 9.11.

Section 9.02. Notices and Accounts. Except as otherwise provided herein, all notices, requests, and other communications to any party hereunder shall be in writing (including telecopy, bank wire, or similar writing) and shall be given to such party at its address set forth on the signature pages hereof or such other address or telecopy number as such party may hereafter specify for the purpose of giving notice. Each such notice, request or other communication shall be effective (a) if given by telecopy, when such telecopy is transmitted to the telecopy number hereafter specified by any party for the purpose of giving notice and the appropriate acknowledgment is received, (b) if given by mail, 72 hours after such communication is deposited in the United States mail with first class postage prepaid, addressed as aforesaid, or (c) if given by any other means, when delivered at the address specified in this Section; provided, however, that notices to the Lender under Article II hereof shall not be effective until received.

Section 9.03. No Waivers. No failure or delay by the Lender in exercising any right, power, or privilege hereunder or under the Loan Note or otherwise shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.04. Project Costs Expenses and Taxes. The City shall pay (a) to the Lender all reasonable out-of-pocket expenses of the Lender in connection with the preparation of this Agreement, (b) to Chapman and Cutler LLP, domestic counsel to the Lender, and to foreign counsel to the Lender, in an amount up to \$25,000 and \$3,000, respectively, plus expenses (c) on the date any Loan is made pursuant to Section 2.02, a loan fee in the amount of \$250.00 to the Lender; (d) in case of any amendment to or transfer of this Agreement, a fee of \$2,500 plus reasonable attorney's fees; and (e) in case of any waiver or consent hereunder, or any amendment hereof or any Default or alleged Default by the City hereunder, all reasonable out-of-pocket expenses and legal fees incurred by the Lender in connection with such waiver, consent, amendment, or Default and collection and other enforcement proceedings resulting therefrom. In addition, the City shall pay any and all stamp taxes and other taxes and fees payable or determined to be payable in connection with the execution and delivery of this Agreement and the Loan Note.

Section 9.05. Amendments or Modification. Any provision of this Agreement or the Loan Note may be amended or modified if, but only if, such amendment or modification is in writing and is signed by the City and the Lender.

Section 9.06. Severability. Any provision of this Agreement which is prohibited, unenforceable, or not authorized shall be ineffective to the extent of such prohibition, unenforceability, or nonauthorization without invalidating the remaining provisions hereof.

Section 9.07. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 9.08. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Complete sets of counterparts shall be lodged with the City and the Lender.

Section 9.09. Payments in Dollars. All payments made or advanced under this Agreement shall be in United States currency only.

Section 9.10. Governing Laws. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS; PROVIDED THAT THE LENDER'S DUTIES AND OBLIGATIONS HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 9.11. Successor and Assigns; Participation. (a) The Lender's rights and obligations under this Agreement may not be assigned by such Lender, other than by operation of law to a successor or merged institution, unless (x) the City has received written notice from at least two nationally recognized credit rating agencies that the ratings of the Commercial Paper Notes, if any, issued by such rating agencies will not be lowered or withdrawn as a result of such assignment; and (y) the City has given its consent to such assignment, which consent shall be evidenced by a writing signed by an Authorized Representative and shall not be unreasonably withheld. If such conditions have been satisfied and the assignor and assignee have consummated the assignment, then (i) the assignee shall be the Lender for all purposes hereunder with a Commitment equal to the amount specified to the City, (ii) the assignor shall have no further obligation hereunder with respect to its Commitment; (iii) the assignor shall deliver its Loan Note to the City, (iv) the City shall pay the assignor all unpaid accrued interest on such Loan Note; (v) the City shall execute and deliver to the assignee a new Loan Note, payable to the order of the assignee, dated the date of such assignment and in the maximum principal amount of the assignee's Commitment; and (vi) if such assignment is not an assignment of all of the assignor's rights and obligations hereunder, then the City shall execute and deliver to the assignor a new Loan Note payable to the order of the assignor, dated the date of such assignment and in the maximum principal amount of the assignor's remaining Commitment.

(b) The City recognizes that the Lender contemplates entering into participation agreements, with certain other Participants and agrees subject to the penultimate sentence of this paragraph, the Lender may enter into participation agreements with Participants without the consent of the City. Accordingly, the City confirms that all of its representations, warranties, covenants, certifications, and obligations under this Agreement and the Loan Note, as well as all rights under the lien and pledge securing the payment of the Loan Note and granted to the Lender pursuant to the Ordinance and Section 2.09 of this Agreement, are for the benefit of the Participants as well as for the benefit of the Lender. No assignee, Participant, or other transferee of the Lender's rights shall be entitled to receive any greater payment under Section 9.01 than

the Lender would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the City's prior written consent. Any costs incurred by the City in connection with any assignment or participation of this Agreement shall be paid by the Lender making such assignment or granting such participation.

Section 9.12. Liability of the Lender. AS BETWEEN THE LENDER AND THE CITY, THE CITY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ASSUMES ALL RISKS OF THE ACTS OR OMISSIONS OF THE PAYING AGENT AND THE DEALER WITH RESPECT TO THE USE OF ANY MONEY MADE AVAILABLE BY THE LENDER IN ACCORDANCE WITH THIS AGREEMENT. NEITHER THE LENDER NOR ANY OF ITS OFFICERS OR DIRECTORS SHALL BE LIABLE OR RESPONSIBLE FOR (I) THE USE WHICH MAY BE MADE OF ANY MONEY MADE AVAILABLE BY THE LENDER IN ACCORDANCE WITH THIS AGREEMENT OR FOR ANY ACTS OR OMISSIONS OF THE PAYING AGENT AND THE DEALER IN CONNECTION THEREWITH; (II) THE VALIDITY, SUFFICIENCY, OR GENUINENESS OF ANY DOCUMENTS, OR OF ANY ENDORSEMENTS THEREON, EVEN IF SUCH DOCUMENTS SHOULD IN FACT PROVE TO BE IN ANY OR ALL RESPECTS INVALID, INSUFFICIENT, FRAUDULENT, OR FORGED; (III) PAYMENT BY THE LENDER AGAINST PRESENTATION OF DOCUMENTS WHICH DO NOT STRICTLY COMPLY WITH THE TERMS OF THIS AGREEMENT, (IV) ANY OTHER CIRCUMSTANCES WHATSOEVER IN MAKING OR FAILING TO MAKE PAYMENT UNDER THIS AGREEMENT, EXCEPT ONLY THAT THE CITY SHALL HAVE A CLAIM AGAINST THE LENDER, AND THE LENDER SHALL BE LIABLE TO THE CITY, TO THE EXTENT, BUT ONLY TO THE EXTENT, OF ANY DIRECT, AS OPPOSED TO CONSEQUENTIAL OR PUNITIVE, DAMAGES SUFFERED BY THE CITY WHICH THE CITY PROVES WERE CAUSED BY (A) THE LENDER'S NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN DETERMINING WHETHER DOCUMENTS PRESENTED UNDER THIS AGREEMENT COMPLY WITH THE TERMS OF THIS AGREEMENT OR (B) THE LENDER'S WILLFUL FAILURE TO PAY UNDER THIS AGREEMENT AFTER THE PRESENTATION TO IT BY AN AUTHORIZED REPRESENTATIVE OF DOCUMENTS STRICTLY COMPLYING WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT. IN FURTHERANCE, AND NOT IN LIMITATION OF THE FOREGOING, THE LENDER MAY ACCEPT DOCUMENTS THAT APPEAR ON THEIR FACE TO BE IN ORDER WITHOUT RESPONSIBILITY FOR FURTHER INVESTIGATION UNLESS THE LENDER HAS RECEIVED ACTUAL NOTICE OR INFORMATION TO THE CONTRARY.

Section 9.13. Indemnification. IN ADDITION TO ANY AND ALL RIGHTS OF REIMBURSEMENT, INDEMNIFICATION, SUBROGATION, OR ANY OTHER RIGHTS PURSUANT HERETO OR UNDER LAW OR EQUITY, THE CITY HEREBY AGREES, TO THE EXTENT PERMITTED BY LAW, TO INDEMNIFY AND HOLD HARMLESS THE LENDER AND ITS OFFICERS, DIRECTORS, AND AGENTS (THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, REASONABLE COSTS, OR REASONABLE EXPENSES WHATSOEVER (INCLUDING REASONABLE ATTORNEYS' FEES) WHICH MAY INCUR (OR WHICH MAY BE CLAIMED AGAINST THEM BY ANY PERSON OR ENTITY WHATSOEVER) BY REASON OF OR IN CONNECTION WITH (I) ANY UNTRUE STATEMENT OR ALLEGED UNTRUE STATEMENT OF ANY MATERIAL FACT CONTAINED OR INCORPORATED BY REFERENCE IN THE INFORMATION SUPPLIED TO THE LENDER OR TO THE DEALER IN CONNECTION WITH THE PERFORMANCE OF THEIR DUTIES UNDER THIS AGREEMENT OR THE RELATED DOCUMENTS, INCLUDING ANY DISCLOSURE DOCUMENT, OR THE OMISSION OR ALLEGED OMISSION TO STATE IN SUCH INFORMATION A MATERIAL FACT NECESSARY TO MAKE SUCH STATEMENTS, IN THE LIGHT OF CIRCUMSTANCES UNDER WHICH THEY ARE OR WERE MADE, NOT MISLEADING, (II) THE INITIAL ISSUANCE AND SALE AND SUBSEQUENT MARKETING AND RESALE OF THE COMMERCIAL PAPER NOTES; OR (III) THE USE OF THE PROCEEDS OF THE COMMERCIAL PAPER

NOTES AND THE LOAN NOTE; PROVIDED, HOWEVER, THAT THE CITY SHALL NOT BE REQUIRED TO INDEMNIFY ANY INDEMNIFIED PARTY FOR ANY CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, OR EXPENSES TO THE EXTENT, BUT ONLY TO THE EXTENT, CAUSED BY SUCH PARTY'S NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. IF ANY PROCEEDING SHALL BE BROUGHT OR THREATENED AGAINST ANY INDEMNIFIED PARTY BY REASON OF OR IN CONNECTION WITH THE EVENTS DESCRIBED IN CLAUSE (I), (II), OR (III), SUCH INDEMNIFIED PARTY SHALL PROMPTLY NOTIFY THE CITY IN WRITING AND THE CITY SHALL ASSUME THE DEFENSE THEREOF, INCLUDING THE EMPLOYMENT OF COUNSEL SATISFACTORY TO SUCH INDEMNIFIED PARTY AND THE PAYMENT OF ALL COSTS OF LITIGATION. NOTWITHSTANDING THE PRECEDING SENTENCE, SUCH INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO EMPLOY ITS OWN COUNSEL AND TO DETERMINE ITS OWN DEFENSE OF SUCH ACTION IN ANY SUCH CASE, BUT THE FEES AND EXPENSES OF SUCH COUNSEL SHALL BE AT THE EXPENSE OF SUCH INDEMNIFIED PARTY UNLESS (A) THE EMPLOYMENT OF SUCH COUNSEL SHALL HAVE BEEN AUTHORIZED IN WRITING BY THE CITY OR (B) THE CITY, AFTER DUE NOTICE OF THE ACTION SHALL NOT HAVE EMPLOYED COUNSEL SATISFACTORY TO THE INDEMNIFIED PARTY TO HAVE CHARGE OF SUCH DEFENSE, OR IN EITHER OF WHICH EVENTS THE REASONABLE FEES AND EXPENSES OF COUNSEL FOR SUCH INDEMNIFIED PARTY SHALL BE BORNE BY THE CITY. THE CITY SHALL NOT BE LIABLE FOR ANY SETTLEMENT OF ANY SUCH ACTION EFFECTED WITHOUT ITS CONSENT. NOTHING UNDER THIS SECTION IS INTENDED TO LIMIT THE CITY'S PAYMENT OBLIGATIONS CONTAINED ELSEWHERE IN THIS AGREEMENT. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

Section 9.14. Telecopied Documents. (a) At the request of the City, this Agreement provides that demands for payment hereunder may be presented to the Lender by, among other methods, telecopy. The City acknowledges and assumes all risks relating to the use of such telecopied demands for payment (i) which are telecopied from the City's telecopy machine (which telephone number currently is (915) 541-4760 or such other telecopy machine and telephone number as shall be designated by an Authorized Representative, and (ii) which bears the telecopy signature of an Authorized Representative.

(b) At the request of the Lender, this Agreement provides that demands for payment hereunder may be presented to the City by, among other methods, telecopy. The Lender acknowledge and assume all risks relating to the use of such telecopied demands for payment (i) which is telecopied from the Lender's telecopy machine (which telecopy number currently is (212) 753-7522 or such other telecopy machine and telephone number as shall be designated by the Lender, and (ii) which bears the telecopy signature of an authorized representative of the Lender.

Section 9.15. Term of the Agreement. The term of this Agreement shall be until the payment in full of all principal of and interest on the Loan Note, the Commitment Fees, and all other amounts payable under this Agreement; provided, however, that notwithstanding any termination of this Agreement, the provisions of Sections 9.01, 9.04 and 9.13 shall survive payment of the Loan Note and this Agreement and shall remain in full force and effect.

Section 9.16. Entire Agreement. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO WITH RESPECT TO THE TRANSACTIONS

CONTEMPLATED HEREBY AND SUPERSEDES AND IS IN FULL SUBSTITUTION FOR ANY AND ALL PRIOR AGREEMENTS AND UNDERSTANDINGS BETWEEN SAID PARTIES RELATING TO SUCH TRANSACTIONS.

THIS AGREEMENT AND THE RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

Section 9.17. Waiver. EACH OF THE CITY AND THE LENDER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY.

DEPFA BANK plc, New
YORK AGENCY, as Lender

By. _____
Its _____

By. _____
Its _____

Notice Address:

DEPFA BANK plc
New York Agency
623 Fifth Avenue
22nd Floor
New York, NY 10022
Attn: General Manager
Telephone: (917) 286-2025
Telecopy: (917) 286-2050

Wire Instruction:

DEPFA BANK plc, New York Agency
ABA #021000089, for credit to DEPFA BANK plc, New York Agency
A/C #36209957

Reference: El Paso General Obligation Commercial Paper Notes, Series A 2004

[Signature Page for Revolving Credit Agreement]

CITY OF EL PASO, TEXAS

By

Mayor

Attest

City Clerk

APPROVED AS TO FORM

By

City Attorney

[SIGNATURE PAGE FOR REVOLVING CREDIT AGREEMENT]

EXHIBIT A

LOAN NOTE

City of El Paso, Texas General Obligation Commercial Paper Notes, Series A Revolving Credit Agreement

\$50,000,000 El Paso, Texas

August 24, 2004

For value received, the CITY OF EL PASO, TEXAS (the "*City*"), a home-rule City of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas, promises to pay, solely from the funds hereafter referred to, to the order of DEPFA BANK plc, New York Agency (the "*Lender*"), at the address provided in the Agreement (hereinafter defined), the aggregate unpaid principal amount of all Loans hereunder and under the Agreement, not to exceed FIFTY MILLION DOLLARS AND NO CENTS (\$50,000,000) in principal amount at any one time outstanding, made by the Lender to the City hereunder, in lawful money of the United States of America, in federal or other immediately available funds, and to pay interest at the rates set forth in the Agreement on the actual unpaid principal amount hereof for each day outstanding from the date hereof until this Loan Note is paid in full, in like money and funds at such office. Interest shall be payable on the first Business Day (as defined in the Agreement) of each month, commencing the first Business Day of the month following the initial advance of a Loan. Principal on this Loan Note shall be payable in accordance with the Agreement.

This Loan Note is subject to prepayment, and amounts prepaid prior to the last day of the Revolving Credit Period may be reborrowed, all pursuant to the terms and under the conditions of the Revolving Credit Agreement (the "*Agreement*"), dated as of August 1, 2004, by and between the City and the Lender, the terms of which are hereby incorporated by reference in this Loan Note. All terms used herein and not defined shall have the same meaning as in the Agreement. Reference is made to the Agreement for provisions as to the prepayment hereof and for reborrowing. Reference is also made to the Agreement for provisions providing for additional interest and other amounts to be payable under certain circumstances. If the Holder enforces this Loan Note upon default, the City shall reimburse the Holder for reasonable costs and expenses incurred by the Holder in collection, including attorneys fees and expenses as set out in Section 9.04 of the Agreement. This Loan Note shall be construed under and governed by laws of the State of Texas but Chapter 346, Texas Finance Code shall not apply.

Provision has been made for the payment of principal of and interest on this Note from the levy of annual ad valorem taxes sufficient to provide for the payment of the interest hereon and principal hereof, as such interest comes due and as such principal matures, and such taxes have been levied and ordered to be levied, within the limits prescribed by law, against all taxable property of the City and have been irrevocably pledged for such payment. It is hereby certified that every requirement of law relating to the issue hereof has been duly complied with and that this Note is within every applicable debt or other limit. Further reference is made to the Agreement and the Ordinance for the provisions relating to the security of this Loan Note and the duties and obligations of the City.

Made and executed at El Paso, Texas, on the date and year first above written.
CITY OF EL PASO, TEXAS

By

Mayor

(SEAL)

Attest

City Clerk

APPROVED AS TO FORM

By

City Attorney

**SCHEDULE FOR LOAN NOTE,
DATED AS OF AUGUST 24, 2004
OF THE CITY OF EL PASO, TEXAS
PAYABLE TO DEPFA BANK plc**

Date of Loan	Type of Loan	Amount of Loan	Maturity of Loan	Dates of Payment	Amount of Payment	Name and Signature of Bank Officer

EXHIBIT B

NOTICE OF LOAN (Revolving Credit Loan)

To: DEPFA BANK plc, New York Agency (the "*Lender*") under the Revolving Credit Agreement, dated August 1, 2004 (the "*Agreement*") by and between DEPFA BANK plc, as Lender, and the City of El Paso, Texas (the "*City*").

The City, acting herein by the undersigned Authorized Representative, pursuant to Section 2.02 and related provisions of the Agreement, issues this Notice of Loan to be made under the Agreement as follows:

1. Business Day on which Loans are to be made:
2. Aggregate Principal Amount of Loan:
3. Maturity Date:

The Loans shall be available for the account of Holders of the Commercial Paper Notes at [] (the "*Issuing and Paying Agent*").

In connection with this Notice of Loan the City certifies to the Lender that at the issuance of this Notice of Loan (i) no Automatic Commitment Termination Event has occurred and is continuing, and (ii) the representations and warranties of the City contained in Article IV of the Agreement are true and correct in all respects.

Capitalized terms herein are used with the meaning given in the Agreement.

Date of this Notice of Loan: [], [], 20[].

CITY OF EL PASO, TEXAS

By

Name: _____
Title: _____

EXHIBIT B-1

REQUEST FOR TERM LOAN

To: DEPFA BANK plc (the “*Lender*”), and [_____] , under the Revolving Credit Agreement, dated as of August 1, 2004 (the “*Agreement*”) by and between DEPFA BANK plc, as Lender, and the City of El Paso, Texas (the “*City*”)

The City, acting herein by the undersigned Authorized Representative, pursuant to Section 2.02 and related provisions of the Agreement, issues this Request for Term Loan to be made under the Agreement as follows:

1. [Revolving Credit Maturity Date] or [Date on which Term Loan is to be made]:
2. Aggregate Principal Amount of Loans Outstanding on [Revolving Credit Maturity Date] or [Date on which Term Loan is to be made]:
3. Term Loan Maturity Date [_____] years from [Revolving Credit Maturity Date] or [Date on which Term Loan is to be made]:

The City acknowledges that the Lenders’ obligations to make Term Loans to the City are subject to the satisfaction of the conditions set forth in Section 3.03 of the Agreement on the Revolving Credit Maturity Date or the Date on which the Term Loan is to be made, as applicable, including receipt by the Lender of the Term Loan Certificate described in Section 3.03. The Authorized Representative certifies to the Lender that at the time of this Request for Term Loan (i) no Default or Automatic Commitment Termination Event has occurred and is continuing, and (ii) the representations and warranties of the City contained in Article IV of the Agreement are true and correct in all respects.

Capitalized terms herein are used with the meaning given in the Agreement.

Date of this Request for Term Loan: [_____] , [_____] , 20[_____].

CITY OF EL PASO, TEXAS

By

Name: _____

Title: _____

EXHIBIT C

NO-ISSUANCE NOTICE

[____], [____], 20[____]

Ladies and Gentlemen:

DEPFA BANK plc, New York Agency, as Lender (the "*Lender*") and the City of El Paso, Texas, have entered into that certain Revolving Credit Agreement (the "*Agreement*") dated as of August 1, 2004. Any term defined in the Agreement and used in this letter shall have the meanings ascribed to it in the Agreement.

[There exists a Default] [The representations and warranties of the City set forth in Article IV of the Agreement are not true and correct in all material respects on and as of the date of this No-Issuance Notice] and this letter constitutes your notice thereof pursuant to Section 2.15 of the Agreement. [Describe Default or untrue representation.] Effective as of the earlier of your receipt of this notice or your receipt of oral advice of the contents hereof, and until you receive written notice from the Lender that this notice has been rescinded, you are instructed not to authenticate or deliver any Commercial Paper Notes.

Very truly yours,

DEPFA BANK plc, New York Agency

By

Name: _____

Title: _____

cc: City of El Paso
Municipal Building
#2 Civic Center Plaza
El Paso, Texas [____]
Attention: [____]; City Attorney
[____] and
[____]

EXHIBIT D

CLOSING CERTIFICATE AS REQUIRED BY SECTION 3.01(A)(IV) OF THE CREDIT AGREEMENT

We, the undersigned Mayor and [] of the City of El Paso, Texas (the “City”), pursuant to the Revolving Credit Agreement, dated as of August 1, 2004, by and between the City and DEPFA BANK plc, as Lender (the “*Credit Agreement*”), defined terms of which are herein incorporated by reference, do hereby certify as follows:

1. (a) Each of the representations and warranties of the City contained in the Credit Agreement is true and correct in all material respects on and as of the date hereof as though made on and as of this date, and (b) as of the date hereof no Default has occurred or is continuing;

2. Except as heretofore disclosed by the City, no litigation is pending in any court in El Paso County, Texas, or, to our knowledge, threatened in any court to restrain or enjoin the issuance or delivery of the City of El Paso, Texas General Obligation Commercial Paper Notes, Series B and the Loan Notes to be issued in connection therewith (collectively, the “*Notes*”) or the collection of the taxes, revenues, and assets of the City pledged or to be pledged to pay the principal of and interest on the Notes or the pledge thereof, or in any way contesting or affecting the validity of the Notes, the Ordinance authorizing the Notes (the “*Ordinance*”), or the Credit Agreement, or contesting the powers of the City or contesting the authorization of the Notes or the Ordinance or contesting in any way the accuracy, completeness, or fairness of the Offering Memorandum prepared in connection with the issuance of the Notes (the “*Memorandum*”);

3. To the best of our knowledge, the statements and representations in the Memorandum are true and accurate, and insofar as the City and its affairs, including its financial affairs, are concerned, the Memorandum does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

4. There has not been any material and adverse change in the affairs or financial condition of the City from that described in the Memorandum; and

5. All conditions to the Closing Date in the Credit Agreement have been met.

WITNESS OUR HANDS THIS 24TH DAY OF AUGUST, 2004.

CITY OF EL PASO, TEXAS

By

Name: _____

Title: _____

By

Name: _____

Title: _____

EXHIBIT E

FORM OF OPINION OF CITY ATTORNEY

DEPFA BANK plc
623 Fifth Avenue
New York, New York 10022

Re: City of El Paso, Texas
General Obligation Commercial Paper Notes,
Series A(the “Notes”)

Ladies and Gentlemen:

I am the duly appointed [_____] of the City of El Paso, Texas (the “City”), and this opinion is rendered on behalf of the City pursuant to and in connection with the authorization of the Notes as defined in Ordinance No. 14766 adopted by the City Council of the City (the “Council”) on January 20, 2001 (the “Ordinance”) authorizing, among other things, the execution and delivery of the Revolving Credit Agreement, dated as of August 1, 2004 (the “Credit Agreement”) by and between among the City and DEPFA BANK plc, as Lender (the “Bank”). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

I or my designated attorneys have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials, and other instruments, and we have conducted such other investigation of fact and law as I have found necessary or advisable for the purpose of this opinion.

Under the Ordinance and the Credit Agreement, the proceeds of the Loans made under the Credit Agreement are to be applied to the payment of the principal of the Commercial Paper Notes.

I have also made such further investigation of law and facts as I have deemed necessary or advisable for purposes of the opinions herein expressed.

Based upon the foregoing, I am of the opinion that:

1. The City (a) is an incorporated City operating under a home-rule charter adopted pursuant to Article XI, Section 5, of the Constitution of Texas; (b) has full power and authority to execute, deliver, and perform the Credit Agreement, the Loan Notes, the Ordinance, and the Notes and to borrow under the Notes, the Loan Notes and the Credit Agreement; and (c) has all requisite power and authority to levy and pledge ad valorem taxes against all taxable property of the City to secure payment of the Loans.

2. The Notes have been or shall be issued, sold, and delivered to finance project costs of an “eligible project” (as defined in Chapter 1371, Texas Government Code (the “Act”)) and for the payment of previously issued obligations; the Notes are or will be when issued “obligations” (as defined in the Act) and were duly authorized to be issued by the Council, which is authorized by law to issue bonds for or on behalf of the City and is the “governing body” (as defined in the Act) of the City; and the Council has authorized and approved the Credit Agreement and the Loan Notes as “credit agreements” (as such term is defined in the Act) in connection with the issuance, security, and payment of the Notes.

3. The execution, delivery, and performance of the Credit Agreement, the Loan Notes, the Notes, and the borrowing under the Credit Agreement, the Loan Notes and the Notes by the City have been duly authorized by all necessary action of the City and the Council.

4. All authorizations, consents, approvals, licenses, permissions, and registrations, if any, of or with any person, including any governmental authority and the citizens of the City, required in connection with (a) the execution, delivery, and performance of the Credit Agreement, the Loan Notes and the Notes and (b) the passage of the Ordinance by the Council authorizing the execution, delivery, and performance of the Credit Agreement, the Loan Notes and the Notes have, in each case, been obtained.

5. The Credit Agreement is a valid and binding obligation of the City enforceable in accordance with its terms except as limited by bankruptcy, insolvency, moratorium, and similar laws affecting creditors’ rights generally and except to the extent the enforceability thereof may be limited under Texas law with respect to indemnification provisions; the execution and delivery of, and the performance of its obligations under, the Credit Agreement by the City, (a) to the best of my knowledge, will not result in a default under or a breach of any other agreement or instrument binding upon the City; and (b) will not conflict with or result in any violation of any legal requirement.

6. The defense of sovereign immunity is not available to the City in any proceeding by the Bank to enforce the obligations of the City under the Credit Agreement, and the City’s consent to the initiation of any such proceedings in any court of competent jurisdiction and its waiver of and agreement not to assert the defense of sovereign immunity in any such proceeding are valid and binding upon the City and enforceable.

7. The Ordinance is in full force and effect and to the best of my knowledge there exists no breach, default, or event of default thereunder or any event which with the lapse of time or action by a third party could result, in a breach, default, or event of default thereunder.

8. To the best of my knowledge and except as disclosed in the Offering Memorandum delivered in connection with the issuance of the Notes, there is no litigation or legal or administrative proceeding pending, or to the best of my knowledge, threatened against, or any outstanding judgment, order, writ, injunction, decree, or award affecting the City before any court, governmental authority, or arbitral body (a) which prohibits or affects, or if adversely determined might prohibit or affect, the ability or authority of the City to execute, deliver, or perform any part of the Credit Agreement or (b) which in the aggregate have, or if adversely

determined would have, any material adverse effect on the financial condition of the City. To the best of my knowledge, the City is not in default with respect to any order, writ, injunction, or decree of any court or other governmental authority, which would adversely affect the City's ability to execute, deliver, or perform any part of the Credit Agreement, the Loan Notes, the Notes, or the Ordinance.

9. The liens on and pledges of certain funds of the City granted by the City pursuant to Section 4.01 of the Ordinance are legal, valid, and binding liens on and pledges of such funds.

The opinions expressed above are qualified to the extent that the enforceability of the rights and remedies set forth in the Ordinance may be limited by bankruptcy, reorganization, or other similar laws of general application relating to or affecting the enforcement of creditors' rights. I express no opinion as to the extent to which any indemnification provision contained in the Credit Agreement or any other document used in connection with the issuance of the Notes is enforceable under Texas law or as to the specific remedy that any court, governmental authority, or board of arbitration may grant, impose, or render in connection with the above-described instruments.

The opinions herein expressed and the statements herein made are limited in all respects to the laws of the State of Texas and applicable federal law. This opinion is solely for the benefit of and may be relied upon by the addressees. This opinion may not be relied upon by any other person without my written consent.

Very truly yours,

EXHIBIT F

Mounce Green Myers Safi & Galatzan
A Professional Corporation
100 North Stanton, Suite 1700
El Paso, Texas 79901

August 24, 2004

City of El Paso, Texas
General Obligation,
Commercial Paper Notes, Series A

WE HAVE ACTED AS CO-BOND COUNSEL for the City of El Paso, Texas, (the "*City*") in connection with the authorization and issuance from time to time of up to an aggregate principal amount at any one time outstanding not to exceed \$50,000,000 of the City's General Obligation Commercial Paper Notes, Series A (the "*Notes*"). Capitalized terms used herein and not otherwise defined have the meaning assigned to them in the ordinance authorizing the issuance of the Notes (the "*Ordinance*").

WE HAVE ACTED as Co-Bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Notes.

IN MY CAPACITY AS CO-BOND COUNSEL, I have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the City pertaining to the Notes, including the Ordinance authorizing the issuance of the Notes and approving the Credit Agreement entered into on this date between the City and DEPFA BANK plc as Credit Provider, authorizing up to \$50,000,000 of Loans payable to the Issuing and Paying Agent, initially JPMorgan Chase Bank, to provide for the payment of the Principal Amount of the Notes, customary certificates of officers and representatives of the City, the Credit Provider, the Issuing and Paying Agent, other pertinent instruments relating to the authorization of the Notes and the security for the payment thereof, including the initial Credit Agreement, the initial Issuing and Paying Agency Agreement and the initial Dealer Agreement; and such other materials and matters of law we deemed relevant. We have also examined the opinion of the Attorney General of the State of Texas approving the Ordinance.

BASED ON SAID EXAMINATION, it is our opinion that:

1. the transcript of certified proceedings evidences complete legal authority for the issuance and sale of the Notes from time to time by the City in full compliance with the Constitution and laws of the State of Texas presently in effect; and

2. the Notes constitute valid and legally binding obligations of the City and, upon due execution and authentication in compliance with the terms of the Ordinance, the Notes will constitute valid and binding obligations of the City secured by and payable (a) as to principal, from proceeds from the sale of Notes from time to time issued by the City, (b) as to principal, from proceeds from the sale of general obligation bonds issued from time to time by the City, (c) as to principal, from Loans under the Credit Agreement, (d) as to both interest and principal, from amounts held in the Note Payment Fund, and (e) as to both interest and principal, from the proceeds of ad valorem taxes levied within the limits prescribed by law, against all taxable property in the City.

The rights of the owners of the Notes are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION that:

1. Interest on the Notes is excludable from gross income of the owners for federal income tax purposes under existing law; and

2. The Notes are not “private activity bonds” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Notes is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Notes will be included in the “adjusted current earnings” of a corporation (other than an S corporation, regulated investment company, REIT, a REMIC or a FASIT) for purposes of computing its alternative minimum tax and its environmental tax liability.

In providing such opinions, we have relied on representations of the City with respect to matters solely within the knowledge of the City which we have not independently verified, and have assumed continuing compliance with the covenants in the Ordinance pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Notes for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the City fails to comply with the foregoing provisions of the Ordinance, interest on the Notes could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Notes.

Owners of the Notes should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the U.S. may be subject to the “branch profits tax” on their effectively connected earnings and profits (including tax-exempt interest such as interest on the Notes).

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of the facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

EXHIBIT G

FORM OF OPINION OF UNITED STATES COUNSEL TO THE LENDER

August 24, 2004

[to come]

EXHIBIT H

AUTHORIZED REPRESENTATIVES' CERTIFICATE

I am the [____], and the Authorized Representative of the City of El Paso appointed pursuant to Section 3.05 of Ordinance No. 14766 authorizing the City of El Paso, Texas, General Obligation Commercial Paper Notes, Series A in the maximum principal amount of \$50,000,000. For the purposes of fulfilling my obligations as Authorized Representative pursuant to the aforesaid Ordinance and the Credit Agreement (as such term is defined in the aforesaid Ordinance), as well as for fulfilling my obligations under the Issuing and Paying Agency Agreement and the Dealer Agreement, as such terms are defined in the aforesaid Ordinance) and for the purpose of executing reimbursement declarations, declarations of intent to reimburse or similar writings expressing the intent of the City to reimburse eligible costs through the issuance of Notes, I have designated the following persons to act on my behalf pursuant to Section 3.05 of the aforesaid Ordinance and specimen signatures of such persons are set forth beside their names.

Designated Person

Specimen Signature

Executed This [____] day of [____], 2004.

[____], [____]

STATE OF TEXAS §

§

COUNTY OF EL PASO §

SWORN TO AND SUBSCRIBED before me on the [____] day of [____], 2004.

Notary Public Signature

(SEAL)

Notary Public Printed or Typed Name

My commission expires: _____

EXHIBIT I

FORM OF EXTENSION REQUEST

[Date]

DEPFA BANK plc
623 Fifth Avenue
New York, New York 10022

Attention: []
 []

Re: Request for Extension of Revolving Credit Period

Reference is hereby made to that Revolving Credit Agreement (the “*Agreement*”), dated as of August 1, 2004, by and between DEPFA BANK plc (the “*Lender*”) and the City of El Paso, Texas (the “*City*”) relating to \$50,000,000 City of El Paso, Texas General Obligation Commercial Paper Notes, Series A. All capitalized terms contained hereby which are not specifically defined shall be deemed to have the definition set forth in the Agreement. The City hereby requests, pursuant to Section 2.10 of the Agreement, that the Revolving Credit Maturity Date be extended until [_____, 20__].

The Lender is required to notify the City of the Lender’s decision with respect to this request for extension within 45 days of the date of receipt hereof. If the Lender fails to notify the City of its decision within such 45-day period, the Lender shall be deemed to have rejected such request.

Very truly yours,

CITY OF EL PASO, TEXAS

By

Name: _____

Title: _____